



Town of North Andover
Annual Town Report
2018

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TOWN DIRECTORY

ANIMAL CONTROL

PHONE: (978) 683-3168

ASSESSORS

120 Main Street

PHONE: (978) 688-9566

FAX: (978) 688-9556

BOARD OF HEALTH

120 Main Street

PHONE: (978) 688-9540

ELDER SERVICES-SENIOR CENTER

120R Main Street

PHONE: (978) 688-9560

FAX: (978) 688-9563

HOURS: Call for Hours

EMERGENCY MANAGEMENT SERVICES

PHONE: (978) 688-4904

EMERGENCY MEDICAL SERVICES

PHONE: 911

FIRE DEPARTMENT

795 Chickering Road

Emergency: 911

PHONE: (978) 688-9590

FAX: (978) 688-9594

BUSINESS HOURS:

Mon., Wed, Thurs. 1:00–4:30

Tues. 8:00–6:00 Fri. 8:00–Noon

HUMAN RESOURCES

120 Main Street

PHONE: (978) 688-9526

LIBRARY

345 Main Street

PHONE: (978) 688-9505

FAX: (978) 688-9507

PARKING CLERK

120 Main Street

PHONE: (978) 688-9550

PLANNING

120 Main Street

PHONE: (978) 688-9535

POLICE DEPARTMENT

1475 Osgood Street

Emergency: 911

PHONE: (978) 683-3168

PUBLIC WORKS

384 Osgood Street

PHONE: (978) 685-0950

FAX: (978) 688-9573

HOURS: Mon., Wed, Thurs. 8:00–4:30

Tues. 8:00–6:00

Fri. 8:00–Noon

SCHOOLS

Administration

566 Main Street

PHONE: (978) 794-1503

FAX: (978) 794-0231

HOURS: 8:00–4:30

North Andover High School

430 Osgood Street

(978) 794-1711

North Andover Middle School

495 Main Street

(978) 794-1870

Atkinson Elementary School

111 Phillips Brook Road

(978) 794-0124

Franklin Elementary School

2 Cypress Terrace

(978) 794-1990

Kittredge Elementary School

601 Main Street

(978) 794-1688

Sargent Elementary School

300 Abbott Street

(978) 794-3673

Thomson Elementary School

266 Waverly Road

(978) 794-1545

North Andover Early Childhood Center

115 Phillips Brook Road

(978) 794-1577

SELECTMEN'S OFFICE

120 Main Street

PHONE: (978) 688-9510

STEVENS ESTATE AT OSGOOD HILL

723 Osgood St.

PHONE: (978) 682-7072

TOWN DIRECTORY

TOWN ACCOUNTANT

120 Main St.

PHONE: (978) 688-9520

FAX: (978) 688-9522.

TOWN CLERK

120 Main Street

PHONE: (978) 688-9500

FAX: (978) 688-9557

HOURS: Mon., Wed, Thurs. 8:00–4:30

Tues. 8:00–6:00

Fri. 8:00–Noon

Call for Passport Hours

TOWN COUNSEL

120 Main Street

PHONE: (978) 794-1709

TOWN MANAGER

120 Main Street

PHONE: (978) 688-9510

FAX: (978) 688-9556

TREASURER/TAX COLLECTOR

120 Main Street

PHONE: (978) 688-9550

VETERANS' SERVICES

120 Main Street

PHONE: (978) 688-9552

YOUTH AND RECREATION SERVICES

33 Johnson St.

PHONE: (978) 682-9000

WEB SITE: www.nayouth.com

North Andover Service Listings

Our Town

INCORPORATED

April 7, 1855

SITUATION

About 24 miles north of Boston

Latitude 42°40"

Longitude 71°7"

COUNTY

Essex

POPULATION

32,106

AREA

Approximately 26.63 square miles

ELEVATION

91 feet .847 inches above sea level at Town Building

TOWN HALL

Built in 1925

SENATORS IN CONGRESS

Edward Markey (617) 565-8519

Elizabeth Warren (617) 565-3170

REPRESENTATIVE IN CONGRESS

Seth Moulton (978) 531-1669

STATE REPRESENTATIVES

14th Essex-Precincts 1, 2, 3, 4 and 5

Christina Minicucci (617) 722-2425X6305

State House Room 2B Boston, MA 02133

18th Essex—Precincts 6, 7, and 8

Tram Nguyen

State House Room 2B Boston, MA 02133

STATE SENATORS

1st Essex Precincts 1, 2, 3 and 4

Diana DiZoglio (617) 722-1604

State House Room 215 Boston, MA 02133

1st Essex and Middlesex Precincts 5, 6, 7, and 8

Bruce E. Tarr (617) 722-1600

State House Room 308 Boston, MA 02133

ASSESSED VALUATION

Real Estate Only \$5,090,086,080

Personal Property \$128,146,370

Total \$5,218,232,450

TAX RATE

For the period from July 1, 2018–June

30, 2019 Residential \$13.41,

Commercial \$19.18

TAX BILLS

Tax bills are paid quarterly. Payments are due on August 1, November 1, February 1, and May 1. If unpaid by due date, interest will be added according to law from the date due to the date payment is made. Motor Vehicle Excise is due thirty days from date of issuance. Water bills are issued quarterly and are due 30 days from date of issuance.

ANNUAL TOWN

ELECTION

Last Tuesday in March

TOWN MEETING

Open Town Meeting

Meets in May

PRECINCT VOTING LOCATIONS*

All precincts vote at North Andover High School, 430 Osgood St.

Polls open 7:00 a.m. until 8:00 p.m.

Call Town Clerk's Office at (978) 688-9501 for information.

*Polling locations subject to change.

BOARD OF SELECTMEN AND TOWN MANAGER - 2018

Commencing several years ago we decided to focus on a long-term plan to deliver on a series of initiatives known as the Pro-North Andover Agenda. We then committed to “Plan the Work, and then Work the Plan”. The result of our commitment to our PLAN continues to be transformative in that it has allowed us to move forward and add services even though one of our largest components of revenue, state aid, has not grown significantly. The past year has been a continuation of the previous five from an accomplishment perspective. Some notable examples include:

- S&P Global Ratings reaffirmed our AAA Bond Rating
- Opened the new Anne Bradstreet Early Childhood Complex
- Installed LED Streetlights
- Completed the Master Planning Process
- Continued the upgrade of our financial software
- Completed the process to recodify the Town’s bylaws
- Continued our successful implementation of online permitting
- Left water and sewer rates unchanged for an amazing 7th consecutive year
- Established an OPEB Committee to address the OPEB liability
- Completed the design and obtained the funding for a new \$9 million Recreation Complex
- Creatively partnered with a private developer to obtain a site for a new Senior Center
- Continued funding the Town’s reserves consistent with the approved Financial Reserve Policies.

.....And this is only a partial list.

In North Andover, being a responsible public administrator requires a **practical** accountability. The residents and business owners of the Town of North Andover take great pride in the quality of life that living in our town provides. Consistent with our mission, the local government of North Andover sees its role and goal as preserving or enhancing that quality of life. We make decisions with that as our focus and follow through using guiding principles to help us deliver on that goal. Those three principles are: **Service, Stewardship and Sustainability**.

The Board and Town Manager would like to thank all the individuals who have taken time away from their families and friends to serve on the many committees, commissions and boards that are the lifeblood of the Town. We grateful for the depth of experience and talent that each individual brings to these committees.

The end of 2018 brought on unprecedented challenges as the Town was dealing with the gas explosions caused by the over-pressurization of the low pressure gas lines in the Merrimack Valley. The Board and the Town Manager would like to take this opportunity to express our sincere appreciation to all the fire, police and emergency medical services (EMS), for their extraordinary response that no doubt saved lives, reduced injury and substantially mitigated the impact that this disaster could have had on the region. The Town is extremely proud of our employees who worked tirelessly to help those in need and our residents who demonstrated great resilience, strength and courage during a very difficult time.

[Click here to view minutes from the Board of Selectmen meetings held in 2018.](#)

Assessor's Office Town Report 2018

David Hynes, Chief Assessor

| | |
|---|-----------------|
| Aggregate Value of Real Estate—12 month | \$4,586,840,620 |
| Aggregate Value of Personal Property | \$128,146,370 |
| Real Estate Tax Levy—12 months | \$71,161,784.32 |
| Personal Property Tax Levy—12 month | \$2,458,183.11 |
| Residential Rate per Thousand | \$13.41 |
| C.I.P. Rate per Thousand | \$19.18 |
| Water Lien | \$215,791.07 |
| Sewer Lien | \$251,791.07 |
| Interest (Water) | \$26,269.82 |
| Interest (Sewer) | \$29,855.10 |

Betterment with Interest

| | |
|---|-------------|
| Committed Interest (Sewer) | -- |
| Committed Interest (Water) | -- |
| Water/Sewer Lien Demand | \$22,395.60 |
| Water/Sewer Lien Demand Commit Interest | \$1,507.09 |

Buildings and Vacant Land Assessed

| | |
|-------------------------------|------|
| Single Family | 6314 |
| Condominiums | 2137 |
| Misc. Res. | 28 |
| Two Family | 393 |
| Three Family | 51 |
| Four–Eight Family | 55 |
| Vacant Land | 395 |
| Residential/Commercial | 35 |
| Commercial Buildings and Land | 513 |
| Industrial Buildings and Land | 81 |
| Personal Property Accounts | 842 |
| Chapter 61—Forest Property | 7 |
| Chapter 61A—Farm Property | 123 |
| Chapter 61B—Recreational Land | 7 |
| Exempt Buildings and Land | 472 |
| Public Utilities | 4 |
| Utilities Valued by State | 6 |

TOWN TREASURER

Vivian Haydar, Treasurer

As Town Treasurer, I submit my report for the 12 months ending June 30, 2018.

Revenue

| | |
|-------------------------------|----------------|
| July 1, 2017 to June 30, 2018 | \$ 117,608,647 |
|-------------------------------|----------------|

Expense

| | |
|-------------------------------|----------------|
| July 1, 2017 to June 30, 2018 | \$ 125,557,306 |
|-------------------------------|----------------|

RECONCILIATION OF CASH

| | |
|------------------------|-------------------------|
| Developer Bond Escrows | \$3,759,071.57 |
| Petty Cash | 1,350.00 |
| Bank of NY Mellon | 1,720,104.53 |
| Century Bank | 15,673,863.27 |
| Fidelity | 815,516.18 |
| Lowell Five | 13,157,105.73 |
| MMDT | 4,513,970.87 |
| Pentucket | 14,597,556.62 |
| Peoples | 639,948.50 |
| TD Bank | 8,879,720.59 |
| Unibank | 3,364,228.54 |
| TOTAL | \$ 67,122,436.40 |

UNCOLLECTED BALANCES – JUNE 30, 2018

| | | |
|-------------------|------|---------------|
| Real Estate | 2018 | \$ 624,238.46 |
| | 2017 | 406,205.60 |
| | 2016 | 471,209.52 |
| | 2015 | 178,040.94 |
| Personal Property | 2018 | \$ 38,899.76 |
| | 2017 | 27,788.04 |
| | 2016 | 32,678.56 |
| | 2015 | 20,835.89 |
| Excise | 2018 | \$ 453,717.11 |
| | 2017 | 643,737.76 |
| | 2016 | 222,959.74 |
| | 2015 | 80,034.88 |

REPORT OF THE TOWN CLERK

I respectfully submit the report of the Town Clerk for the Year 2018.

Our Annual Town Election on March 27, 2018 elected incumbents Richard M. Vaillancourt and Phil DeCologero to the Board of Selectman for three year terms. Incumbents Andrew P. McDevitt and David Torrasi were reelected to the School Committee for a three year terms. Mark DiSalvo was reelected to a three year term as the Town Moderator. Mary Beth Soucy Larkin was reelected to a five year term to the North Andover Housing Authority. A very busy time with our Annual Town Meeting on May 15, 2018 again successfully completed in one night with all articles approved by the Attorney General. North Andover voters now number over 21,000 and assuring compliance with all state regulations is an important task in preparation for the State Elections in 2018.

January 30, 2019 began with a very large Special Town Meeting to discuss Marijuana Facilities at Osgood Landing. An extraordinary turnout of 2,700 people created a massive challenge. I have to thank the many workers were able to help with set up and conducting the meeting. Shuttle service provided by Brooks School allowed us to provide entry into the meeting for satellite locations. Through the use of new technology-Poll Pads- and the support from LHS Associates the check in process could not have been handled more smoothly. The meeting was able to proceed efficiently. We have purchased the Poll Pads to use for Town Meetings and also Early Voting.

I must thank my Board of Registrars for their able assistance with voter registration and work at Elections. Carrie Crouch was on my Board for over 15 years, Linda McHugh from 2016 and Alexandra Mezzina from 2016. I thank them for all their dedicated service. My new registrars are Michael Quinlan, Karin Rhoton, and John Savastano. They have very quickly adapted to monitoring elections and are a great resource.

The State Primary Election took place on September 4, 2018 with 4,681 voters – 3,047 Democrats, 1634 Republicans and 10 Libertarian voters. This was a challenge as the primary occurred the day after Labor Day. The state election on November 6, 2018 had early voting with 3,714 voters coming to Town Hall from October 22, 2018 until November 2, 2018. There was a total of 13,243 votes cast for a 65% turnout in total. Our office was challenged to process early votes every day and prepare for the actual election. My staff did a wonderful job during this very busy time. The voters truly appreciate the extra efforts to allow them to vote at their convenience.

We continue our passport agency authority and processed over 1000 passports under the able direction of Angela Ciofalo and Patricia Sifferlen. This is one of the best services we provide to North Andover citizens and others as well. Suzanne Pelich is the Assistant Town Clerk and has ably assumed all the responsibilities for Licensing, financial and Payroll functions and support to the office. Patricia Sifferlen as Senior

Clerk is a passport agent, handles all vital records, and supports customer service to the public. Angela Ciofolo and also provides support to the Finance Committee.

The staff that answers and directs resident inquiries in a professional and friendly manner is often the first contact a resident has. What a pleasure to call and get a real person to help and guide our residents and visitors to where they need to go for help. Much preparation and organization was completed in anticipation of the move.

We recorded 263 Births, 82 Marriages, and 344 Deaths in 2018. Another busy year! Working with elected boards, appointed committees and outstanding personnel is a pleasure in North Andover as all these talented individuals give so much of their time and themselves. Their expertise and dedication to our community makes our Town the fine place to work and live. Thanks to all our residents for their continued support.

Division of Community and Economic Development – 2018 Annual Town Report

Jean Enright

Interim Director

The Division of Community and Economic Development (CEDD) oversees programs in land use planning, economic development, health, transportation, and housing. It manages the Town's land use authorities, the Health Department and the Stevens Estate, a special event and conference center owned by the Town. The primary objectives of the division are to enhance the physical environment and improve the quality of life for North Andover residents, as well as to foster business development and promote economic growth. The division provides technical support to a variety of groups and committees and manages a variety of projects. It is staffed by a Director and Administrative Assistant.

There are four land use departments, including Building, Planning, Conservation, and Zoning. These departments assist residents and contractors involved in construction and land development achieve code and regulatory compliance to protect their health, safety and welfare; reduce potential hazards; protect the environment; and maintain a well-designed, physically integrated, livable and prosperous community. Between them, there are a total of 11 full-time employees and 3 part-time employee, as well as senior volunteers, interns, special employees and consultants assisting them. Finally, there are 3 autonomous boards (Conservation, Planning, and the Zoning Board of Appeals) with a combined total of 21 members.

The Health Department protects the public health of residents, workers and patrons of the town through field inspections, compliance/enforcement activities, consultation and guidance, and the monitoring of potential environmental hazards. It is managed by 3 full-time employees, a part-time nurse, outside consultants, and 1 intern. The staff assists a 5-member Board of Health in shaping policies, developing local regulations and implementing programs.

The Stevens Estate is an events and function center for people and corporate groups; supporting local businesses and tourism, as well as a variety of town recreational, educational and community events. It operates under an Executive Director and an Events Manager. A 7-member Advisory Committee helps guide various capital improvement and operational initiatives.

In 2018, various development and planning initiatives took place. Included among them were:

- Town's Master Plan was completed and approved in September, 2018. This effort involved vision-setting, data collection, extensive public input, and consensus building to create a contemporary, comprehensive vision and strategy to define and direct the future growth and development of North Andover. The finalization of the Master Plan establishes priority projects for the CEDD and the Town to work on completing in the next ten years.
- The Zoning Bylaw was integrated into E-code 360, an electronic format. The CEDD continues to work on revisions to the Zoning Bylaw that are consistent with the Master Plan in addition to working on zoning changes proposed by residents and developers annually.
- The on-line permitting program was expanded beyond the Building Department to include Health Department permits. CEDD continues to evaluate additional applications that may better serve residents and customers through on-line permitting including Planning Board, Zoning Board of Appeals, and Conservation Committee filings.
- CEDD is working on the finalization of the site and building design for the new Senior Center. The project was initiated by a public/private partnership to repurpose the former "Knight of

Columbus” site at 505 Sutton Street as home to a state-of the-art Senior Center (public) and an adjacent 136 unit apartment complex (private). This initiative will help meet two critical needs of the community including: a facility to house programs for North Andover’s growing senior population; and providing a type of housing units to residents underserved by the Town’s existing housing inventory.

- The Town generated \$500,000 of spending with shop local campaigns in November and December 2018 with grant funds from the Merrimack Valley Municipal Business Development and Recovery Fund. The Small Business Weekend – Shop Local Campaign ran on November 24 – November 25, 2018 and provided gift card incentives for incremental spending at 61 businesses that were impacted by the Merrimack Valley Gas Explosions. With the use of the grant, the Town distributed to residents over \$95,000 in gift cards and through review of receipts estimates approximately \$300,000 of spending occurred in those businesses during the promotion. The second gift card program occurred on December 15, 2018 and the Town distributed 1900 \$25 gift cards to shoppers who spent over \$100 at local shops, restaurants, and personal service establishments. This program generated over \$200,000 worth of spending in 12 hours in North Andover.

With regard to housing, the division continued its efforts to maintain and support State sponsored programs and funding activities focused on promoting affordable housing in the town, as well as the Commonwealth and Merrimack Valley region. The Town is a member of the North Shore HOME Consortium. Additionally, the division participated in a coordinated effort with the Merrimack Valley Planning Commission to develop a Housing Production Plan to help understand existing regional and local demographics and housing inventory and to develop strategies to plan for and meet North Andover’s future population and housing trends, including the type, location and size of new housing. The Department of Housing and Community Development approved the plan in July of 2018.

Some of the largest employers in North Andover include:

Merrimack College (Higher Education)
National Grid (Utility)
Bake N’ Joy Foods (Food Industry)
Watts Water Technologies (Manufacturing)
Edgewood Retirement (Healthcare)
Demoulas Supermarkets (Grocery Store)
Kohl’s (Department Store)
F.H. Cann & Associates (Accounts Receivable)
The Eagle Tribune (Newspaper Publishing)
Ivenix (Medical Technology)

In addition, the division assists other various boards, commissions and organizations regularly or on an as needed basis. These include:

Local

North Andover Merchants Association
North Andover Affordable Housing Trust
Machine Shop Village Neighborhood Conservation District Commission
Housing Partnership Committee
Community Preservation Committee

Disabilities Commission
Technical Review Committee

Regional and State Designees:

Merrimack Valley Regional Transit Authority
Merrimack Valley Economic Development Council
Metropolitan Planning Organization
Merrimack Valley Chamber of Commerce
Massachusetts Office of Business Development

Joel Bedard, Local Building Inspector
 Nabil Daher, Electrical Inspector
 Steve Galinsky, Plumbing/Gas Inspector
 Maura Deems, Building Department Asst.

The following comparison table indicates construction activity for the Fiscal Year 2018. The Permitting process and inspections remained on schedule.

We wish to thank those Town Departments that cooperated in the proper enforcement of Public Safety and Zoning By-Laws.

| Permits Issued | FY 18 | FY 17 | FY 16 | FY15 |
|---|--------------|------------|------------|-----------|
| | # of permits | | | |
| New Single Dwellings | 18 | 38 | 17 | 40 |
| Multi Dwellings | | 2 | 5 | |
| Residential Additions & Alterations | 947 | 935 | 960 | 778 |
| New Commercial & Industrial Building | 13 | 14 | 6 | 7 |
| Commercial & Industrial Additions, Alterations | 114 | 121 | 130 | 118 |
| Pools | 15 | 13 | 11 | 10 |
| Accessory Building | 18 | 9 | 16 | 17 |
| Miscellaneous (Signs, Mechanical, Sheet Metal, Demo, Sprinkler, C of O) | 293 | 238 | 266 | 296 |
| Certificate of Inspections | 100 | 100 | 105 | 99 |
| Wireless Facilities/Solar Installs | 70 | 75 | 116 | 63 |
| Total # Building Permits Issued | 1611 | 1545 | 1632 | 1428 |
| Total \$ Building Permit Fees | 910493.44 | 1207321.15 | 1314457.93 | 832529.04 |
| | | | | |

| | | | | |
|---|------------|------------|------------|------------|
| Electrical Permits | 1077 | 828 | 942 | 930 |
| Gas Permits | 665 | 658 | 634 | 632 |
| Plumbing Permits | 537 | 552 | 591 | 593 |
| Total #Utility Permits Issued | 2279 | 2038 | 2167 | 2155 |
| Total \$ Utility Permit Fees | 304475.07 | 311451.66 | 367034.79 | 265400.77 |
| Total # Permits Issued-Building&Utilities | 3890 | 3583 | 3799 | 3583 |
| Total \$ Building & Utilities Fees | 1214968.51 | 1518772.81 | 1618492.72 | 1097929.81 |

2018 Annual Report Conservation

The Conservation Commission is comprised of seven (7) volunteer members who are appointed by the Board of Selectmen for three (3) year terms. In addition, the Conservation Department is staffed by an Administrator, a Field Inspector and a Departmental Assistant who are responsible for the issuance of permits, ongoing inspection of permitted sites, wetland delineation reviews, open space management and monitoring and providing information and assistance to residents and developers regarding the Town's natural resources.

The Conservation Commission administers the Wetlands Protection Act (M.G.L. C. 131 S. 40) and the Town of North Andover Wetlands Protection Bylaw and Regulations (C. 178 of the Code of North Andover). These state and local regulations help protect valuable natural resources including North Andover's lakes, rivers, ponds, marshes, swamps, lands subject to flooding, vegetated freshwater wetlands, riverfront areas, ephemeral/vernal pools, and ephemeral/vernal pool habitats. These wetland resource areas play an important role in the following public health and safety interests:

1. Protection of public and private water supplies;
2. Protection of Ground Water Supply;
3. Flood Control;
4. Storm Damage Prevention;
5. Prevention of Pollution;
6. Protection of Fisheries;
7. Protection of Wildlife & Wildlife Habitat;
8. Recreation;
9. Sedimentation and Erosion Control.

In addition, wetlands provide a wealth of values to the public. Wetland benefits can be divided into three basic categories: fish and wildlife values, environmental quality values, and socio-economic values. Destruction or alteration of wetland resource areas eliminates or minimizes these important functions and values. For example, drainage of wetlands eliminates all the beneficial effects of the wetland on water quality and directly contributes to flooding problems. When wetlands are filled or their functions impaired, these benefits are lost and we all pay the price – in increased flooding and storm damage to streets and homes; more contamination of surface, groundwater and drinking water supplies; loss of wildlife habitat; and loss of valuable open space.

Any construction (including, but not limited to: a permanent structure, addition, deck, patio, shed, pool, roadway, driveway, septic system replacement/repair, public and private utilities, etc.) or alteration of land (including grading, landscaping, tree removal, etc.) within 100 feet of any wetland resource area or within 200 feet of a perennial stream/river in North Andover requires public review and a permit from the Conservation Commission. The Conservation Commission and professional staff are required to examine the potential

impacts any proposed activity may have on identified wetland resource areas. Meetings are held twice a month for the purpose of reviewing project applications and conducting other Commission related business.

In fiscal year 2018, the Conservation Commission reviewed and permitted thirty (30) Notices of Intent, twenty-four (24) Requests for Determinations, twenty-four (24) Small Projects, two (2) Abbreviated Notices of Resource Area Delineation, thirty-nine (39) Certificates and Partial Certificates of Compliance, five (5) extension requests, and five (5) amendments/modifications for a total of 129 Permits. In addition, numerous Emergency Certifications and Enforcement Orders were issued. Permitting of significant projects included: a mixed use commercial and residential project on Osgood Street, new residential construction at the East Mill, intersection improvements at Massachusetts Avenue and Chickering Road, a new single family home on Stevens Street and another on Summer Street. Subdivision construction continued at Wellington Way and Regency Place. Significant project construction continued at the Greater Lawrence Sanitary District (GLSD) (organics to energy project) and the Lawrence Municipal Airport (runway expansion including stream relocation). In total, the Conservation Department currently monitors over 40 construction projects.

In addition to the administrative permit review process, the Department conducts weekly inspections for building permit applications and monitoring of active, permitted projects. Enforcement action and issuance of fines, when appropriate, is also a function of the Department. The Conservation Department, in cooperation with the Board of Health and DPW continue to coordinate efforts on beaver population and control where it causes damage to public and private properties and affects water supplies.

The Department is also charged as active land managers of Town owned Open Space properties. A 2013 study by the Trust for Public Land, states that every dollar Massachusetts spends on conservation returns \$4 and supports jobs for hundreds of thousands of people.

Trails and Open Space

Local volunteers, including members of the Friends of North Andover Trails (FONAT), the Appalachian Mountain Club (AMC), the Bay Circuit Alliance (BCA) and several Eagle Scouts, completed maintenance and improvements to several existing trail systems this year including: construction of a boardwalk, with the assistance of an AmeriCorp crew, to cross a beaver flooded area on the Farnum Parcel off of Sharpners Pond Road (BCA); a new bog bridge in Harold Parker State Forest (FONAT); completion of a new trail on the Leonhard Farm Conservation Restriction by Essex County Greenbelt Association and FONAT; and an Eagle Scout Project to establish a new trail off Foxwood Drive connecting to the Woodchuck Trail in Harold Parker State Forest and another to construct a bog bridge on Osgood Hill. FONAT also completed trail maintenance at Carter Hill, Mazurenko Farm, the Cyr Recycling Center Trails and the Shawsheen River Trail. These maintenance, monitoring, and improvement activities were very much needed and will benefit the residents of North Andover for decades to come. The Conservation Department is grateful to these organizations and volunteers for their efforts.

Hunting

Hunting continues to be an important and effective land management tool in the control of deer populations throughout the commonwealth. Hunting is generally allowed pursuant to state statute on Open Space properties within the Commonwealth unless otherwise prohibited. Some method of hunting is, and has been, allowed on many Open Space properties in North Andover. The Conservation Department plays an important role in administering Hunting policies on town-owned Open Spaces by annually issuing special Hunting Licenses to promote an orderly coexistence with other recreational users during the hunting season.

Stormwater

The Conservation Department assists the Department of Public Works in implementation of the Public Education portion of the Massachusetts Small MS4 General Permit required by the Environmental Protection Agency (EPA). The Conservation Department continued installation, maintenance and monitoring of dog waste stations at open space properties and worked with Greenscapes including a school program at the Atkinson School in the 5th Grade.

Goals

Goals for the 2019 fiscal year include: to continue work on the Lake Cochichewick committee including implementation of a boat storage area at the Old North Pump Station; to conduct a watershed awareness workshop including a discussion of how to build a rain garden; to continue public education for NPDES MS4 permitting requirements; to improve departmental tracking of expiring/expired permits and improve interdepartmental access to DEP Files through use of Laserfiche; and to update (as required) Agricultural Licenses (including those for hay and cropland) held by the Conservation Commission on properties under their care, custody and control.

Respectfully submitted,

Louis Napoli, Chairman
Albert P. Manzi, Jr., Vice Chairman
John Mabon
Douglas Saal
Deb Feltovic
Sean McDonough
Joseph Lynch
Jennifer A. Hughes, Conservation Administrator
Benjamin Curell, Conservation Field Inspector
Jaime Phelan, Administrative Assistant

NORTH ANDOVER ELDER SERVICE DEPARTMENT
IRENE M. O'BRIEN, DIRECTOR

“REFRAMING AGING”

MISSION STATEMENT:

To advocate for older adults, to identify their needs, to meet their health, social and cultural needs, to encourage maximum independence and to improve their quality of life. The Elder Service Staff is encouraged to create an atmosphere that acknowledges the value of human life, affirms the dignity and self-worth of older adults in the community and maintains a climate of Respect, Trust and Support.

STAFF VISION: Within this atmosphere, the staff creates opportunities for other staff members and seniors to apply their wisdom, experience, and insight to exercise their skills.

VISION STATEMENT: The most trusted resource in supporting the needs of older adults in the community.

The Elder Service Department, under the direction of Irene M. O'Brien, provides services and programs for over 6,595 (Town clerk 4/19) older adults in the North Andover Community.

In 1965 the Councils of Aging were first authorized throughout Massachusetts. We continue to expand and redefine our services and programs to meet the needs of the aging adult in the community. As a service-based department, our society is changing every day. In a few short years, the older adult will comprise between 25% -33% of the population of North Andover.

Approximately 70% of the Senior Center's participants are women; half of them live alone. The majority of them are Caucasian. Compared with their cohort group, 75% of them visit the senior center 1-3 times per week. The average age of participants is 68-89 they spend an average of 3.5 hours per visit.

Ongoing presence on Social Media Website We have electronic boards within the senior center announcing educational programs, social events, photo collages along with fitness and support services programs. Senior Moments is produced monthly by volunteers featured on North Andover Cam.

SIGNIFICANT CHANGES

The Commonwealth of Massachusetts State Funded Formula Grant was increased from \$9.70 per older adult to \$12.00 for a total of \$64,140, a 23.71% increase over last year's grant.

The Board of Selectmen approved changes in the Senior Tax Work-off Program. Each participant must complete 100 hours working for a town department. With the IRS mandated OBRA contribution of 7.45% combined with the Medicare tax of 1.45%, the participant's abatement for 100 hours of Tax Work-off is a net reduction of \$1,093.00 off their property tax. This change has been very positive for all the town departments that benefit from the work off program.

The Health Department Public Health Nurse was moved to the Senior Center conference room to support the hiring of a Community Social Worker. As much as this has had a positive impact on the visibility of the Public Health Nurse, it has put a strain upon the availability of program space within the Senior Center.

The need for a proposed respite program has now been scheduled for FY2021 due to lack of current space availability.

PRIOR YEAR ACCOMPLISHMENTS

- Second annual community Health Fair included 20 vendors and an estimated 350 seniors attended.
- On Veterans Day, volunteers prepared 100 meals at the Senior Center. Volunteers delivered throughout the community to homebound elders and Veterans.
- The “Hats 4 Vets & 4 Kids Program, is supported by our knitting group and the Community Service Club in the Dominican Republic. This program teaches young women to knit hats to send to North Andover. Recipients of the winter hats were North Andover elementary schools, the Youth Center and the Anne Bradford Early Childhood Center. The Reeds Veterans Outreach Center received twelve crocheted blanket, and five baby carrier blankets went to the Pregnancy Care Center both in Haverhill.
- Maintained Intergenerational programs with participation from North Andover Youth and Recreational Services, Thomson School, Kittredge School, High School, and Middle School.
- North Andover Merchants Association, provided 100 gift bags for distribution to homebound seniors during the holidays, towards the annual Giving Tree drive. Each bag contained a food gift card, ten greeting cards, postage stamps, and various personal needs items that were donated by business partners within the community.
- Our ongoing training continues with “Dementia Friends” as part of the Dementia Friends Massachusetts Initiative.
- We have initiated Social Cultural Saturdays with the intent to promote cross-cultural and educational awareness.
- We continue to offer a support program through the Alzheimer’s Association. We presently have two trained staff members who facilitate the Early Stage Alzheimer’s support group. Currently, there are 20 participants, which we are estimating will increase by 50% by spring 2019.
- We continue to provide community outreach efforts by partnering with the Accidental Food Bank and North Andover Stop & Shop to support senior housing communities.
- Quarterly Outreach Events are held at each of the North Andover Housing Facilities. With the support of the Friendly Visitor Program and our TRIAD group, a variety of events and education are offered.
- North Andover Senior Center has collaborated with the Health Department in purchasing shingles vaccines for seniors, this will continue through 2020.

FY 2020 Goals

- To increase the Friendly Visitor program by adding a Part-Time grant funded position.
- To provide on-going wellness checks quarterly in various areas of the community and housing.
- Initiate a memory cafe pilot in partnership with area locations and vendors, providing a safe friendly environment for those with memory loss and respite issues.

- To create a comprehensive Community Service Division, Multi-Department Organization Resource Guide by September 1, 2019.
- To create a division-wide (inward and outward facing) Master Planning Calendar by January 2020 to promote resource sharing, optimize program offerings and increase interdepartmental collaboration.
- To create the main Community Service Division launching a web page to co-market the Divisions and create a “one-stop-shopping” site for community programs. This will be for residents of all ages by January 2020.
- To create a Community Service Division Citizen Service database by March 2021, which will allow all departments to share information to maximize the level of service delivery and resources available to North Andover residents and families.
- To continued and maintained the growth of Friendly Visitor Program by scheduling quarterly Outreach Events to be held at each of the North Andover Housing Facilities. The Friendly Visitor Program will include a variety of events not limited to Instructional, Safety Educational, Holiday Themes and Healthy Eating Topic(s) to be completed by September 2018, December 2018, March 2019, and June 2019.
- Continuing collaboration with the Health Department to purchase shingles vaccines for seniors.

CONCLUSION: The North Andover Senior Center is the only municipally funded resource and referral agency for the older adult living in the North Andover Community. The Elder Service Department continues to educate the citizens of North Andover so that they are aware of services available to support seniors in their homes. The challenge to the community as a whole is to find resources to continue funding new programs and enhance activities to meet the ever-changing and growing needs of the older adult. The Council on Aging Board of Directors and the staff at the North Andover Senior Center are committed to supporting and helping the older adult remain active, engaged and independent in the community.

COA Board of Directors:

Joe Sergi, Chairperson, Joyce Fiocca Bold, Vice Chairperson, Dorothy Consiglio, Treasure, Joseph McCarthy, Secretary

Board Members:

Linda Lawrence, John Gilboard, Maria Rosati, John Graham, Joyce Fiocca Bold, Joseph McCarthy, Jennifer Abou-Ezzi, Patricia Riley

Administrative and Support Staff:

Cahla Ahlstrom, Nancy Barry, Paula Lynch, Adele Johnson, Lya Morse, Jose Morel, Chris Rock, Cynthia Saab, John Conlon (DPW), Gloria Philbrick (Nutrition Site Coordinator)

Elder Services of Merrimack Valley Nutrition Program: Congregate & MOW Program Manager Maryanne Ramsey & Cathy Collins **Meals on Wheels Drivers:** Patricia Patnaude, Edward Laycock, Cliff Goddard, Cathy Collins, Vinny Dolan, Joanne Anderson, Linda, and Jim Hamblet

Friends of the North Andover Senior Center Inc. is a 501C3 organization. Without your donations, many of our services offered by the Senior Center would not be possible. We greatly appreciate all your support.

A special Thank You to the staff and all our volunteers, that make the impossible happen here at the Senior Center every day!

Respectfully Submitted,

Irene M. O'Brien

Irene M. O'Brien

Elder Service Director

“Grow old along with me the best is yet to be” (Browning)

HEALTH DEPARTMENT

2018 Annual Report

Board of Health Members

Francis P. MacMillan Jr., MD, Chairman
Joseph McCarthy, Clerk
Larry f. Fixler
Michele Davis, RN
Daphnee Alva-LaFleur

Health Department

Brian J. LaGrasse, Public Health Director
Caroline Ibbitson, RN, Public Health Nurse
Michele Grant, Public Health Inspector
Toni Wolfenden, Department Assistant

The mission of the Health Department and Board of Health is to educate, promote, inspect, protect and improve the health and well-being of all North Andover residents, businesses and visitors. The Health Department also contributes to building a healthy community and a clean environment. The Board of Health is under a dutiful obligation to develop health policies, standards, and regulations according to State and Federal requirements and your Health Department implements those policies and enforces those regulations that protect public health. Your local Health Department is a leader in improving the health and well-being of our community. The Health Department accomplishes this in four ways: protect, promote, educate and inspect.

The Health Department guards multiple fronts to protect you from health threats and communicable diseases. The Health Department makes sure the food you eat in a restaurant and the air you breathe is safe. The Health Department investigates disease outbreaks, responds to any health emergency, mosquito borne diseases or an environmental hazard and enforces numerous health and environmental regulations.

The Health Department promotes healthy lifestyles. The Health Department offers blood pressure clinics, immunization clinics and Tb monitoring. The Health Department participates in Health Fairs and health programs such as the Youth on Track running series.

The Health Department provides education to businesses, home owners, contractors and restaurants on a variety of health related topics. Along with the Board of Health, the Health Department has hosted several guest speakers and subject matter experts who gave presentations at public meetings or the library to help promote health education.

The Health Department inspects all restaurants, supermarkets, cafeterias, mobile food vendors, ice cream trucks, caterers, convenience stores and food festivals to make sure that food is being stored, handled and cooked properly to prevent food-borne illness. The Health Department also inspects apartments and homes to ensure they are both sanitary and safe to live in. The Health

Department also inspects recreational camps, pools, and tanning facilities to help protect the individuals who use them.

The Health department also inspects septic systems to ensure they are in compliance, functioning properly and protecting the environment. Bathing beaches are also monitored and the waters is tested to make sure it is safe for swimming.

The Health Department always responds to the complaint they receive including but not limited to trash complaints, abandoned properties, housing issues, food establishments, rodent or beaver complaints and also a major role in emergency planning and preparedness.

The Health Department enforces several other local, state and federal regulations, including tobacco sales, body art (tattoo and piercing), syringe (sharps) disposal, beaver trapping, dam breaching, solid waste transportation, mercury recovery, air quality monitoring, dumpsters, animal permits, barn inspections, mosquito control and monitoring for mosquito borne diseases.

PRIOR YEAR ACCOMPLISHMENTS

- Converted files into digital format and laser fiche for public use.
- Continued to assess the opioid epidemic issue with the Board of Health, other town departments, the community and regional entities.
- Hosted food safety trainings throughout the Town for licensed food establishments.
- Facilitated the transition to online licensing and permit applications.
- Began revising and updating local Board of Health regulations.
- Increased public health outreach and education on a variety of relevant public health issues.
- Restarted the trash truck monitoring and enforcement program and commenced additional enforcement actions to both increase compliance and permitting.

GOALS

- To increase awareness of the Sharps Recover Program by posting notice on the Town's website.
- Improve the permitting process for food establishments. Consolidate, simplify and streamline the plan review process, the establishment application and the annual renewal.
- Completely transition to the online permitting software, View Point.

- To increase participation and features, in conjunction with Youth & Recreation Services, the Youth on Track Running Series for preschool age kids through third graders.
- Continue to implement public outreach and education campaigns in the Board of Health Guest Speaker series and increase the Department's social media presence to improve outreach and education.
- To continue the conversation with the Board of Health, other town departments, the community and regional entities in regards to the opioid epidemic in collaboration with the Town's new Community Benefits Manager.
- Implement a rental housing inspection program and rental occupancy permit to help protect tenants and landlords.
- Review and update all of the content on the Health Departments website as needed.

Health Department 2018 Permits Issued

FY 18

1

| | |
|----------------|-----|
| Animal | 29 |
| Body Art | 4 |
| Ice Rinks | 1 |
| Rec Camps | 27 |
| Sun Tanning | 1 |
| Pools | 21 |
| Tobacco | 13 |
| Well | 0 |
| Dumpster | 146 |
| Frozen Dessert | 15 |

| | |
|-------------------------------|------------|
| Commercial Permits | 257 |
|-------------------------------|------------|

2

| | |
|------------------|----|
| Body Art | 5 |
| Funeral | 2 |
| Septic Installer | 33 |
| Septic Inspector | 33 |

| | |
|---------------------------------|-----------|
| Professional Permits | 73 |
|---------------------------------|-----------|

3

| | |
|-------------------------|------------|
| Food | 142 |
| Temp Food | 83 |
| Food Plan Reviews | 14 |
| Food Est/Related | 239 |

4

| | |
|-------------------|------------|
| Title 5 | 88 |
| Plan Reviews | 26 |
| Soils | 21 |
| Repairs | 44 |
| Trench | 1 |
| Septic All | 180 |

5

| | |
|----------------------------|------------|
| Offal | 86 |
| Trash Haulers | 54 |
| Placards | 157 |
| Offal Haulers/Trash | 297 |

Board of Health Animal Inspector

of Animals quarantined for biting: **33**

of Animals tested for Rabies: **6**

Results: 3-negative, 1-unsatisfactory specimen, 2-positive

of Cats quarantined for exposure to rabies: **4**

of Dogs quarantined for exposure to rabies: **7**

Number of Barns/Locations inspected: **25**

Information Technology Department Calendar Year 2018 Town Report

Christopher McClure, Director
David Brodeur, Network Systems Manager
John MacLean, Systems Administrator
Christine McElhiney, Administrative Assistant
Sarah Brush, Social Media Intern

The Town of North Andover is committed to excellence in Information Technology in order to support communication, collaboration, efficiency, transparency and service. Investments in North Andover Technology must always be consistent with these goals in their service of Municipal and School Departments, Employees, Students, Parents, Volunteers and Constituents.

The Information Technology Department provides appropriate access to, support for, and maintenance of systems and services that sustain, enhance and extend the delivery of high quality, customer-focused service. In support of the mission, the Department is tasked with primary responsibility for long-range planning; resource acquisition and integration; and network security, reliability and continuity for all Municipal & School operations.

The Technology Department was reorganized this year upon the retirement of the incumbent Support Analyst. The Support Analyst position was upgraded to a Systems Administrator position, adding server and backup management responsibilities to the Help Desk support role. The position was filled in January 2018.

The Technology Department created a new Social Media Intern position in 2018. The 10 hour per week position is responsible for developing content and managing all of North Andover's social media channels. The position has significantly increased the quality, quantity, and engagement of social media posts. This increased social media presence was effective in communicating to residents during the Columbia Gas Explosion in September 2018. The Technology Department also expanded the Administrative Assistant position to Administrative/Technical Assistant to recognize the evolution of that role.

2018 ACCOMPLISHMENTS

Awarded Massachusetts Community Compact Grant to complete Government and IT Continuity of Operations Plans.

Helped successfully migrate end of life MA state CAMA assessing software to Patriot CAMA software. Linked Patriot to permitting system and online property lookup dashboard.

Upgraded the two end of life town firewalls, eliminated end of life bandwidth concatenaters, increased total bandwidth from 750mbps to 950mbps, and upgraded VPN clients and services for all town and school networks. Installed and configured the firewall monitoring virtual appliance for better insight into web activities. The school was able to save money terminating Umbrella web filtering and using the new firewall filtering instead. Upgraded network switches at Franklin, Sargent and Atkinson School from 1GBps to 10GBps connection to the core.

Implemented RAVE alerts and Smart911 public safety profile systems. Increased enrolled citizens from 400 in the old system to over 2000 in the new system. Coordinated media outreach campaign and ongoing assistance resources at the senior center and library.

Assisted the Town Clerk's Office with the deployment, support, and maintenance of electronic Poll Pads. The Poll Pads were used without issue at the Special and Annual Town Meetings in 2018 along with the early voting. The Poll Pads greatly improved the efficiency of checking in voters and will continue to be used in FY 2020.

Helped successfully negotiate the Verizon PEG Access Cable contract renewal. This increased operating funding for NACAM from 2.7% of gross revenue to 4% for both Verizon and Comcast cable contracts.

Assisted the Clerk and Planning offices in the codification of the Town Charter and Bylaws. This resulted in a standardized and continually updated online tool and mobile app to make accessing these documents easier.

Implemented GETS/WPS priority/emergency cell phone routing registration for all town cell phone users. This allows priority access and prioritized processing of phone calls in times of emergency. This feature was used by public safety personnel during the Columbia Gas Fires in September 2018.

Played an integral role in the management of the Columbia gas crisis. Organized and staffed technology component for remote gas crisis claims center in abandoned commercial space, produced timely social media posts to keep public up to date, designated website page for all gas related updates, fielded heavy traffic through website chat line to keep constituents informed, created real time street listing database to inform residents of when they could safely return home.

Installed cell phone boosters at NA Youth Center and Public Works to increase reception for employees and constituents. Upgraded BOS meeting room projector and AV equipment. Replaced the town hall data center core UPS system.

Managed network connectivity for the new Anne Bradstreet Early Childhood Center.

Installed all new patron zero clients and monitors for the Library. Upgraded the Children's patron computers to the new Useful cloud platform as a pilot program.

Upgraded the PRI phone trunks to fiber for all town and school sites.
Installed a Virtual Wireless LAN controller and upgraded all the remaining wireless access point devices to the latest 2702 models.

The online citizen "Report It!" tool grew from 644 reports in 2017 to 986 reports in 2018.
Reports may also be made via North Andover's mobile app.

North Andover increased its Twitter followers from 3,000 to 5,087 by the end of 2018. Facebook followers increased from 3,019 to 4,338. Email subscribers increased from 781 to 1164. The town keeps these followers up to date with frequent news and agendas and continues to increase the volume and variety of posts.

2019 GOALS

To continue the computer replacement plan by replacing thirty laptops by June 30, 2020. Audit and ensure that all workstations are upgraded to Windows 10 by January 2020 for Windows 7 end of life.

Upgrade the 2 Cisco phone system call servers and 3 Cisco core phone routers to new hardware and software by June 30, 2020.

Implement online social engineering training and monitoring software system by December 31, 2019.

Import all remaining BOH permits into the ViewPoint permitting system and retire the GEOTMS server by 12/31/2019.

Connect the CIMCON smart lighting camera dashboard data to Google Data Studio to create accessible and usable traffic data by December 31, 2019.

Connect new NACAM studio to the town fiber network and test broadcast connectivity by July 31, 2019.

Town of North Andover Planning Department – Town Report FY 2018

The Planning Department consists of a Planning Director, a Staff Planner, a Planning Assistant, and a six member volunteer Planning Board. The Department reviews and endorses all Approval Not Required Plans (M.G.L. Ch. 41 Sec. 81-L and 81-P), all Preliminary and Definitive Subdivision plans as required by M.G.L. Ch. 41 Sec. 81 - K to 81 - GG and the North Andover Subdivision Rules and Regulations. The Planning Department also reviews applications for the following seventeen different Special Permits, as authorized by M.G.L. Ch. 40A and the North Andover Zoning Bylaw, and Chapter 165, Stormwater Management and Erosion Control Bylaw:

- Section 195-2.2 Common Driveway
- Section 195-4.6 Residence 6 District (R-6 Zone)
- Section 195 Article 4 Part 5 Watershed Protection District
- Section 195-7.2.B. Access Other Than Street Frontage
- Section 195- 7.2.C Frontage Exception
- Section 195 Article 8 Part 3 Site Plan Review
- Section 195 Article 8 Part 5 Planned Residential Development
- Section 195 Part 8 Wireless Service Facilities
- Section 195 Article 11 Planned Development District
- Section 195 Article 12 Large Estates Condominium Conversion
- Section 195 Article 13 Continuing Care Retirement Center
- Section 195 Article 14 Independent Elderly Housing
- Section 195 Article 15 Planned Commercial Development District
- Section 195 Article 16 Corridor Development District
- Section 195 Article 17 Osgood Smart Growth Overlay District
- Section 195 Article 18 Downtown Overlay District
- Chapter 165 Town Bylaws, Land Disturbance Permit

Planning Board Changes

Lori Crane joined the Planning Board in 2018. The Planning Board is currently staffed with five full members and has an open associate member position.

Past Year Overview

During **FY 2018**, the Planning Department reviewed and granted the following permits:

| Application Type | # Permits Reviewed |
|-------------------------------------|--------------------|
| Approval Not Required | 4 |
| Definitive Subdivision Modification | 1 |
| Site Plan Review Special Permit | 6 |
| Watershed Special Permit | 5 |
| Parking Reduction | 4 |
| Planned Development District | 1 |
| Land Disturbance Permit | 3 |
| Total | 24 |

The Planning Department participated on the Lake Cochichewick committee which designated and implemented boat storage areas, boat storage racks were constructed and permitted for, and parking spaces were constructed along Pleasant Street. Additional storage racks were added to the North Pump Station parking lot in the fall of 2018. In addition, the committee facilitated a Lake Clean-Up Day in October 2018. The Board also held public hearings for zoning changes for the Annual Town Meeting FY18, including bylaw amendments for Building Heights, as well as a zoning map amendment to the Business 2 (B-2) Zoning District, rezoning of 127 Marblehead Street Recodification of the Zoning Bylaws.

The Planning Department has coordinated and served as a liaison between the Master Plan Advisory Committee, Town staff, Board of Selectmen, and the Planning Board. After substantial public input via public forums, the Town website, and Planning Board meetings the Master Plan was officially adopted by the Planning Board on September 25, 2018.

The Planning Department coordinated and served as liaison between the Merrimack Valley Planning Commission and the Town in an effort to develop a Regional Housing Plan. This Plan includes a chapter for the Town of North Andover and serves as the Town's Affordable Housing and Planned Production Plan. The purpose of the Plan is to provide a tool and a process to assist the town in planning for and developing strategies to create and preserve housing choice and diversity, including the production of more affordable housing units, but also to identify other housing needs and goals. This Plan was approved unanimously by both the Planning Board on May 1, 2018 and the Board of Selectmen on June 4, 2018, and subsequently by the Commonwealth of Massachusetts Department of Housing and Community Development on September 5, 2018.

At the Planning Board's direction, the Planning Department established the Old Center Zoning Review Working Group to review zoning in the Old Center. Specifically, focus was on the properties located near the rotary, most of which currently have non-residential uses. The purpose of the Working Group was to review current zoning and its effectiveness in meeting the community needs. The group met monthly from June through October. A significant amount of the focus was related to 800 Massachusetts Avenue, the former print museum. The group was not charged with making a recommendation. Thus, the group reported back to the Planning Board that a proposal has been reviewed and is likely going to be brought forward. The proposal will have to go through a review process with the applicable Boards and Commissions if zoning changes are approved at Town Meeting. There was open community dialogue in an organized format throughout the process.

As a result of the gas explosions on September 13, 2018, the Planning Department worked closely with MEMA and Deployed Resources to coordinate logistics and participated in site management efforts for the alternative housing located at Grogan's Field. In addition, the Department participated in 'back to business' efforts including door-to-door visits to ensure impacted businesses were aware of technical support services offered at the claims center and participated in the oversight of gift card promotional programs implemented to support local small businesses.

The Planning Department has coordinated and managed the Technical Review Committee (TRC) meetings, which are held at the request of applicants who may want to open a new business or build a new commercial or residential development in North Andover. To date, six TRC meetings have been held for various projects, ranging from renovations to an existing medical/office building, an "old school pharmacy" inclusive of a soda fountain, counter seating, prepackaged food, and a full-service pharmacy, expansion of an existing convenient store and the addition of a new restaurant, a multi-generational

recreational fields complex, to a new boutique event space targeting corporate events, birthdays, small weddings, wedding showers, etc.

The Planning Board meets regularly, as needed, two Tuesdays of every month and conducts Saturday morning site visits. Planning Board meetings are held at the Town Hall Board of Selectmen Meeting Room located at 120 Main Street. All interested persons may appear and be heard. Persons needing special accommodations and/or those interested in viewing the application materials should contact the North Andover Planning Department at (978) 688-9535.

Respectfully submitted,

North Andover Planning Board

Jean Enright, Planning Director

Eitan Goldberg, Chair
John Simons
Peter Boynton
Aaron Preston
Lori Crane

**Stevens Memorial Library
Town Report
2018**

Board of Trustees of the Stevens Memorial Library

| | | | |
|---------------------------|-----------------------|-----------------|---------------|
| Eva Hamori, Chair | Mary Dishaw | Stanley Limpert | Earl Svendsen |
| Ann Cavanaugh, Vice Chair | William B. Duffy, Jr. | Mark Rodgers | |

To the Citizens of North Andover:

The Trustees of the Stevens Memorial Library herewith present their 110th Report, commencing with the report from the Library Director, Kathleen Keenan.

Report of the Library Director

To the Trustees of the Stevens Memorial Library, I hereby submit the 110th Report of the Director which is for the period January 1, 2018 – December 31, 2018.

The Library's Mission

The Stevens Memorial Library is committed to enhancing the quality of life for our diverse community and is free and open to all. The Library is a hub fostering literacy and lifelong learning opportunities providing access to materials and resources, technology, programs, and space for people to connect, engage and learn.

The Library is our gateway to the Merrimack Valley Library Consortium: 35 neighboring libraries with over 3,000,000 items to read, watch or listen to. It also is our gateway to the entire Massachusetts public library system: over 350 libraries with an additional 30,000,000 items.

The Library's impact on the community can be divided into three key areas: providing children with literacy-rich environments, beginning at birth; enriching lives by providing materials and experiences that make North Andover a great home town; and helping patrons acquire new skills and provide the resources to grow and prosper.

Library Building

When recalling 2018, the awful events of September may be the first thing remembered. Then, we must remember with pride North Andover's remarkable response, from the first responders to the neighbors who offered a bed, a meal or other generous acts to those effected. Thanks to the ingenuity of the Facilities Management Department, the Library remained open and offered all its regular programs for 50+ days until its gas service was restored.

Partners, Programs and Progress

Stevens Memorial Library services are greatly enriched by partnering with many groups and individuals, who share their ideas, time, and even space. We thank them all for making 2018 memorable. Our special thanks go to the dedicated **Friends of the Stevens Memorial Library** who make so many of our programming activities possible.

Each year the Library's goal is to reach more and new audiences. A *Health Series*, with programs like nutrition or tick awareness, was cosponsored by the Health Department. The *Animal Education Series*, cosponsored by the North Andover Police Department Animal Control Officer, kicked off with a live *Birds of Prey* program. *Tech Topics* programs returned after a hiatus with an *Introduction to Cybersecurity*.

The Library's partnership with the North Andover Public School District (NAPS) remains strong although the Shared Librarian position ended in September when the Bradstreet School opened. Collaboration occurred frequently during the school year, starting with the Library as a stop for the 4th year on the new NAPS staff Bus Tour. Numerous visits occurred with Stevens' librarians going into schools or classes coming to Stevens. Librarians worked closely with the schools to develop summer reading lists and to promote *Summer at the Stevens*.

June saw two special events. June 10th was North Andover's first *Race Amity Day*. This amazing event was planned and executed by the *North Andover High School Race Amity Club*. The Library was proud to be their cosponsor. June 16th the Library welcomed more than 50 members of the Stevens family as part of the larger Stevens Family Reunion Weekend. Visitors were delighted with the Town's commitment to the Library and impressed by the many services offered.

Other partners this year included the North Andover Youth and Senior Centers, the Stevens Estate, the North Andover Poets Laureate, the North Andover Cultural Council, the North Andover Garden Club, the North Andover Historical Society, the North Andover Parent Advisory Council (NAPAC), our generous volunteers, and our therapy dog reading program.

2018 by the Numbers

By the Numbers data is based on FY2018 (July 2017-June 2018) as reported to the Massachusetts Board of Library Commissioners.

In an average Stevens' week:

- The Library was open 7 days for 63 hours, Labor Day through Memorial Day, and 5 days in the summer (2,897 hours/year).
- 2,290 visitors came into the building (119,090 visitors/year).
- 4,481 items were borrowed in book or electronic form (233,028 items/year).
- 1,135 items came and went through interlibrary loan services (59,048 items/year).
- 390 library public computer sessions (20,280 sessions/year) as WiFi usage steadily increased.
- 365 information and reference questions were answered by staff (18,962 questions/year).
- 12 library events were held in a meeting room (607 events/year).

Looking Forward

The Stevens Memorial Library looks forward with excitement to 2019 as we build on and enhance our programs, services, and collections for the residents of North Andover.

Respectfully submitted,

Kathleen Keenan, Library Director

**Stevens Memorial Library
Town Report
2018**

Report of the Board of Trustees of the Stevens Memorial Library

The Board of Trustees of the Stevens Memorial Library (the Board) offers its sincere thanks to the Library staff for their dedication in providing the public with exceptional Library services. The Board also extends its appreciation to the many volunteers for their behind-the-scenes activities; their efforts enable staff to provide and focus on direct services to the patrons. The Board extends a special thanks to the Friends of the Stevens Memorial Library whose numerous hours of volunteer service generate the funds that allow the Library to enhance its services beyond the annual municipal budget. Their popular book sales draw customers from around the region. Finally, the Board acknowledges and commends the spirit of cooperation between Town departments and organizations that helped make 2018 an exceptional Library year.

The Board accepted the retirement of Library Trustee, Maria G. Mesinger. The Board extends it's appreciate to Mrs. Mesinger for her many years of dedication and service.

With the departure of Mrs. Mesinger, the Board added one new member, Mr. Mark Rodgers.

The Board's officers' remained the same with one change. Mark Rodgers was added to the Trustees' Investment Committee and name its Chair. He also was named the Trustees' Investment Advisor.

The Board continues to oversee the investment and expenditure of Endowed Funds and Special Gifts. Proceeds from donors purchase books, furnishings, and equipment. They also are used to enhance the building and grounds, and the services, programs, collections and activities of the Library. The Board's Annual Financial Report for Fiscal Year 2018 (July 1, 2017 – June 30, 2018) is included below.

Respectfully submitted,

Eva E. Hamori, Chair
Ann Cavanaugh, Vice Chair
Mary Dishaw
William B. Duffy, Jr.

Stanley Limpert
Mark Rodgers
Earl Svendsen

**Board of Trustees of Stevens Memorial Library
North Andover, MA
FY 2018 Annual Financial Report**

| Endowment Funds Summary | As of | Fidelity | Eaton Vance |
|-------------------------|-------|----------------------------|----------------------------|
| | | 6/30/2018 | 6/30/2018 |
| | | <u>\$243,283.34</u> | <u>\$572,233.00</u> |

| Funds | Historical Value | Investment Units | % of Investment Units | Present 6/30/2018 Value | Present 6/30/2018 Value | Combined |
|---|---------------------|---------------------|-----------------------------|-------------------------------|-------------------------------|----------------------------|
| Charles Whitney Davis Fund | \$10,000.00 | 6742.8727 | 2.83% | \$6,895.15 | \$16,218.27 | \$23,113.42 |
| Carrie Millar Dushame Memorial Fund | \$250,000.00 | 94195.3193 | 39.59% | \$96,322.63 | \$226,562.93 | \$322,885.56 |
| Phillips Fund | \$2,550.00 | 2369.8682 | 1.00% | \$2,423.39 | \$5,700.12 | \$8,123.51 |
| Berrian Fund | \$1,000.00 | 1184.9341 | 0.50% | \$1,211.69 | \$2,850.06 | \$4,061.75 |
| Katherine Currier Osgood, Gayton Osgood and Mary Ellen Osgood Fund | \$50,000.00 | 18482.2386 | 7.77% | \$18,899.64 | \$44,454.33 | \$63,353.98 |
| Elizabeth P. Stevens Fund | \$10,000.00 | 9479.4692 | 3.98% | \$9,693.55 | \$22,800.46 | \$32,494.01 |
| Nathaniel/Elizabeth P. Stevens Fund | \$25,000.00 | 21325.3808 | 8.96% | \$21,806.99 | \$51,292.79 | \$73,099.78 |
| Dale Stevens Fund | \$13,500.00 | 11849.3373 | 4.98% | \$12,116.94 | \$28,500.57 | \$40,617.52 |
| Anne Bradstreet Fund | \$1,500.00 | 1184.9341 | 0.50% | \$1,211.69 | \$2,850.06 | \$4,061.75 |
| M.T. Stevens, Abbot Stevens, Mary O. Tyler Stevens & Reynolds Fund | \$61,682.81 | 71096.0137 | 29.88% | \$72,701.65 | \$171,003.41 | \$243,705.06 |
| | \$425,232.81 | 237910.3679 | 100.00% | <u>\$243,283.34</u> | <u>\$572,233.00</u> | <u>\$815,516.34</u> |

Note: Eaton Vance Statements are issued quarterly (March, June, Sept, Dec)

**Board of Trustees of Stevens Memorial Library
North Andover, MA
FY 2018 Annual Financial Report**

FINAL

| |
|------------------------|
| As of 6/30/2018 |
|------------------------|

Endowment Checking Account

| | | |
|----------------------------------|-------------------|--|
| Beginning Balance TD Bank | \$3,090.82 | |
|----------------------------------|-------------------|--|

Receipts

| | | |
|-------------------------------|--------------------|--------------------|
| Deposits from Investment Acct | \$10,000.00 | |
| Interest | \$17.82 | |
| Donations | \$1,850.00 | |
| Total Receipts | \$11,867.82 | \$11,867.82 |

Expenditures

| | | |
|--|-------------------|----------------------------|
| Collections (Books & Periodicals, e-content) | \$120.00 | |
| Building Maintenance | \$0.00 | |
| Supplies & Equipment | \$284.14 | |
| Professional Services- Audit | \$0.00 | |
| Community Outreach / Fundraising | \$0.00 | |
| Trustee Meetings/ Planning / Consultant | \$0.00 | |
| Programs | \$6,131.32 | |
| Professional Development / Training | \$2,180.99 | |
| Staff Appreciation | \$405.75 | |
| Bank Service Charges | \$0.00 | |
| Total Expenditures | \$9,122.20 | <u>(\$9,122.20)</u> |

| | | |
|---|-------------------|--|
| Ending Balance TD Bank Account - | \$5,836.44 | |
|---|-------------------|--|

**Board of Trustees of Stevens Memorial Library
North Andover, MA
FY 2018 Annual Financial Report**

FINAL

| |
|------------------------|
| As of 6/30/2018 |
|------------------------|

Copier Checking Account

| | |
|----------------------------------|-------------------|
| Beginning Balance TD Bank | \$7,801.57 |
|----------------------------------|-------------------|

Receipts

| | | |
|-----------------------------|-------------------|-------------------|
| Misc Deposits | \$0.00 | |
| Copier & Computer printouts | \$4,403.79 | |
| <hr/> | | |
| Total Receipts | \$4,403.79 | \$4,403.79 |

Expenditures

| | | |
|---------------------------|-------------------|--------------------------|
| Copier/Printing lease | \$1,489.97 | |
| Copier/Printer supplies | \$1,381.43 | |
| Refund Box | \$0.00 | |
| Periodicals | \$0.00 | |
| <hr/> | | |
| Total Expenditures | \$2,871.40 | <u>\$2,871.40</u> |

| | |
|-------------------------|---------------------------------|
| Ending Balance - | <u><u>\$9,333.96</u></u> |
|-------------------------|---------------------------------|

DEPARTMENT OF VETERANS SERVICES NORTH ANDOVER / BOXFORD DISTRICT

The Department of Veterans' Services is to advocate on behalf of all the Commonwealth's Veterans and provide them with quality support services and to direct an emergency financial assistance program for those Veterans and their dependents who are in need of benefits and services. In 1946, the Selectmen of the Towns of North Andover and Boxford voted to form a district and appointed a District Director of Veterans' Services to carry out the provisions of Chapter 115 of the General Laws. The Veterans Service Officer (VSO) is located at the North Andover Town Hall on Main Street. Walk-ins are always welcome however; we recommend calling first to ensure a representative is present.

OFFICE HOURS

Monday 8:00 to 4:30, Tuesday 8:00 to 6:00, Wednesday and Thursday 8:00 to 4:30, Friday 8:00 to 12:00 noon

Office (978) 688-9525 or for urgent matters, call (978) 807-7286, or e-mail us at jleblanc@northandoverma.gov

SERVICES PROVIDED AS DIRECTED BY THE COMMONWEALTH OF MASSACHUSETTS:

Financial assistance

Medical Services

Educational & Burial Benefits

Property Tax Exemptions

Veterans War Bonus

Gold Star Mothers & Fathers Annuities

Obtaining copies of discharges

Replacement of Service Medals

Burial Internment for Veteran and Spouse

V.A. Home Loans and education benefits

Life Insurance and Widows Pensions

Veterans Disability Comp & Pensions

V.A. Hospitals / Clinic Enrollment &

Prescription plan

All of these programs are subject to eligibility according to State and Federal Guidelines.

Expenditures: The Veterans Services salary and office expenses for FY2019 total \$413,486.51. The Town of Boxford apportionment for salary and office expenses total \$18,592.71. As of April 30, 2018 The Town of North Andover expended a total of \$187,874.13 for emergency / financial assistance with 75% of this expenditure being reimbursed by the Commonwealth of Massachusetts.

Enhancements: To continue to best assist our Veterans and their families we have expanded our Mobile Food Pantry. Continuing to attend outreach events throughout our community as well as in the region to maximize the Veterans we can reach.

NORTH ANDOVER / BOXFORD VETERANS SERVICES DISTRICT BOARD MEMBERS:

Joseph LeBlanc
Director of Veterans Services

Alan Benson
Boxford Town Manager

Andrew W. Maylor
North Andover Town Manager



Are you a veteran or a widow(er) of a veteran?

Is your income less than \$ 2,023 per month (single applicants) with cash assets below \$5,000.

Married Veterans, is your combined income below \$2,743.00 month & cash assets below \$9,800.

Primary residence and automobiles are not counted as assets

If so you may be entitled to

REIMBURSEMENT of your MEDICAL EXPENSES

and/or

FINANCIAL ASSISTANCE

Under Massachusetts General Law Chapter 115

Call your Veteran's Service Officer for more information

(978) 688-9525

North Andover Youth & Recreation Services

2018 Annual Town Report

The Youth & Recreation Services Department, under the direction of Rick Gorman continued to provide superior quality services and a full complement of programs. The programs consisted of support programs, court-related programming, student leadership programs, family and individual services as well as a host of social, recreational and adventure services. In 2018, Youth & Recreation Services serviced 3,459 youth. 2018 was the 30th anniversary of our founding in 1988. 2018 also marked the 18th year the doors of the Joseph N. Hermann Youth Center have been opened.

The outstanding professional staff consists of Rick Gorman - Executive Director, Demi Tetrault – Assistant Director, Brenna Carney – Support Services Coordinator, Justin Barry – Recreation Coordinator, and Kyle Palladino – Social Programs Coordinator.

After 18 years the Joseph N. Hermann Youth Center continues to be a lively and safe place for the youth of North Andover. The Center is open six days a week for middle and high school aged youth. On Saturday afternoons we have also built in time for 4th/5th graders to experience the Center in preparation for when they enter the middle school.

In 2018 we had the most youth participating in our extensive eight week summer program. The summer was filled with clinics, recreational programs, playground programs, events and field trips. Once again this summer we oversaw the ever popular Stevens Pond. The Pond continues to be a jewel of North Andover. We are proud to note that in the last four summers we have only had to close the Pond for one ½ day, showing the Town's commitment to water quality at the Pond. The Pond also saw new equipment and programming in 2018.

The Center continues to offer part-time employment for the youth of North Andover, as we employed 140 kids during the extensive summer programs as well as after school throughout the school year. We also had numerous adult volunteers assisting us at the front desk, working within the building and serving on a numbers of boards and committees.

2018 also marked the 13th year of assimilating programs run under the previous Recreation Department. The programs consist of Sunday Night Skating at Brooks School, the Saturday morning 4th grade basketball program, along with the Sunday Night Summer Concert Series and our popular Summer Children's Shows on the Common. We continue to take these programs to new heights each year. We received great feedback from residents on improving each offering. These assimilated programs have seen growth each year and we look forward to even bigger events in 2019.

The North Andover Youth & Recreation Services department works hand in hand with North Andover Public Schools. Our Support Services Coordinator is in the schools 12 hours per week and we participate in a number of school-based committees. The partnership with NAPS is an extremely unique and a productive relationship. In 2018, a Memorandum of Understanding was put in place between the North Andover Public Schools and North Andover Youth & Recreation Services on sharing information, services and resources.

The Youth & Recreation Director also chairs the Town Fields Committee. This position is responsible for permitting fields, working with our youth sport programs and developing short and long term plans for use and development. In 2018 we began working on long range plans for the redevelopment of the Recreation Fields Complex between the Middle and Atkinson Schools We are excited to announce the construction phase will begin in Spring 2019. 2018 also marked the 8th year of raising funds for new fields/facilities. We have now raised over \$400k over an eight year period.

The Center also relies on a number of committees to assist in the areas of fundraising, marketing, public relations, finance, budgeting and technology. NAYRS is so lucky to have many of our residents involved in these areas.

The Youth & Recreation Council and Joseph N. Hermann Youth Center, Inc. are also continuing to work on long range planning for the department and Center. We thank the JNHYC, Inc. for their continued financial and emotional support of the Center. In 2018 the JNHYC, Inc. donated over \$38,000 in equipment, programming, and maintenance funding.

The Joseph N. Hermann Youth Center, Inc. also ran the tenth annual "Knight to Shine" fundraiser, held at DiBurro's in Haverhill. The event provided food, fun, live and silent auctions, recognition of youth volunteers and college scholarship recipients, as well as an opportunity to recognize the Center on 30 years of service.

The lifeline of Youth & Recreation Services is to provide support services, and I am once again pleased and proud of our constant mission of helping the youth and families in this community. The amount of services we are providing confidentially to our youth and families is amazing and inspiring. I have been fortunate to oversee the department's growth since its inception, but I am humbled by the staff I have had and the support this community has offered our mission. Our success of having a municipal youth services agency has been modeled by over 20 other communities. As we enter our 31st year of service to the community, we are proud of our past successes as well as excited about new initiatives and plans for the future. The following are the services provided during the last year.

ADVENTURE PROGRAMS:

- Challenge Course
- Rock Climbing Wall
- Walking Programs
- Mountain Biking Programs
- Archery Programs
- Outdoor Survival Programs
- Ropes Course Groups
- Indoor and Outdoor Climbing Trips
- Ski Trips
- Camping Trips
- Hiking Trips
- Paintball Trips
- Go-Kart Trips
- White Water Rafting Trips

SUPPORT SERVICES:

- High School Girls Groups
- Middle School Girls Groups
- Middle School Boys Groups
- Mindfulness Programs
- Youth Tracking, Outreach, and Mentorship
- Holiday Giving Program
- Thanksgiving Drive
- Crisis Intervention Services
- Job Bank
- NAYRS Annual Teen Job Fair
- Collaboration with Local Therapists/Counselors
- Peer Mediation Services
- Participation in Community Collaborative Initiative (CCI)
- Collaboration with NAHS' and NAMS' Student Assistance Team
- Information and Referral Services
- Simon Potter Project
- "Youth Centered" Podcast
- Juvenile Diversion

SOCIAL/RECREATION PROGRAMS:

- Middle School Dances
- 8th Grade Dress-Up Dance
- Boys and Girls Basketball Tournaments
- Boys and Girls Flag Football
- Joseph Walsh Summer Basketball League
- Black Knights Winter Basketball League
- Black Knights Spring Basketball League
- Youth Center Classes
- NAYRS/NABC 4th Grade Basketball
- Daily Drop-in activities
- Extensive 8 week Summer Programs
 - Summer Fun
 - Sports & Rec
 - Girls Weeks
 - Boys Weeks
 - Service Weeks
 - One Day Field Trips
- North Andover Fall Ball League
- Crusaders Special Olympics Basketball
- Video Game Tournaments
- Pick-up Beach Volleyball
- Outdoor Ice Rink Programs and Events
- Outdoor Gaming Tournaments (Bubble Ball, Gaga Ball, Tetherball)
- Fitness Classes
- Art Classes
- Cooking Classes
- Street Hockey League
- Fishing Program
- Science Club

- Rocket Club
- Beyond Beats Music Program
- Youth on Track Running Program
- Seasonal Field Trips
- Stevens Pond Programs and Swim Lessons

STUDENT-RUN/COMMUNITY SERVICE PROGRAMS:

- Freshman/Sophomore Youth Council
- Junior/Senior Youth Council
- Core 4 Leadership Program
- Mentor Volunteer Program (MVP)
- Step Up
- Next Man Up
- Knight Work
- Kindness Rocks Initiative

SPECIAL EVENTS/PROGRAMS:

- Annual Spring Carnival
- Youth Appreciation Day
- Summer Kickoff Party
- ½ School Day Events
- Turkey Toss
- Powderpuff Football Tournament
- Youth Center Fundraisers
- Big Screen Movie Nights
- Welcome Week Orientation
- Core 4 Youth Leadership Summit
- Sunday Night Brooks Skating
- Matthew Harty Mito Classic
- Nothin' But Net 3 vs. 3 Tournament for Epilepsy Foundation
- Summer Children's Shows on Common
- Summer Concerts on Common

Respectfully Submitted,

Rick Gorman
Executive Director

EMERGENCY MANAGEMENT (2019)

Jeffrey J. Coco, Director

John P. Savastano, Deputy Director

Co-Deputy Directors:

Charles Gray, Police Chief

William McCarthy, Fire Chief

Connor Lincoln, Senior Operations Officer

William Hastings, Senior Communications Officer

EMERGENCY MANAGEMENT

Emergency Management's duties include supporting public safety incidents, hazardous material incident support, regional emergency planning committee coordination, auxiliary police support, mass causality incident support, incident evacuation, state and federal resource coordination, emergency communications, disaster response planning, natural and manmade disaster response and mitigation.

North Andover Emergency Management activated its emergency operations center (EOC) and/or responded to "State of Emergency" incidents this year due to utility related incidents. We also responded to hazardous material incidents, providing incident support and state and federal incident liaison.

The September 13 Columbia Gas disaster was a challenging incident for all public safety including Emergency Management. We declared a local state of emergency at 4:45 PM on September 13, 2018. We responded to emergency staging area in St Michael's parking lot with our mobile E.O.C. to facilitate inter- agency communication during the event. We opened a shelter on September 13 through September 16, in conjunction with the American Red Cross, at the high School for displaced victims of the incident. We would like to thank the superintendent of schools and the high school principal for accommodating our needs during the event. Also, we would be remiss if we did not extend our deepest appreciation to the countless restaurants and citizens for supplying food to our shelter during the days it was in operation. This event is far from over and Emergency Management is still dealing with ancillary issues concerning our residents and will be for the foreseeable future.

Our RACES communicators continue to support monthly communications tests with MEMA to maintain communications proficiency and readiness in event of emergencies. We also conduct weekly testing of our primary communications to insure readiness during emergency situations.

The RACES, as well as the Emergency Management operations staff contribute countless hours of voluntary services to the town in support of any events that may require communications coverage or crowd control and public safety assistance during incidents.

We thank Mr. Benjamin Farnum for his continued support allowing us the use of Boston Hill for one of the repeaters and we are indebted to Andover Emergency Management director/Police Chief for his allowing the use an antenna and our alternate repeater on Holt Hill in Andover. The placement of these two repeaters and antennas allows us fairly large communication coverage of the town.

We continue to recruit operations officers and RACES communicators holding valid Radio Amateur Licenses from the Federal Communications Commission (FCC). All town residents meeting these criteria are eligible to apply regardless of race, sex or creed. Interested individuals may contact the undersigned at any time. We continue to support, at their requests, the police and fire departments during other incidents.

As always our thanks to the many town boards and departments including Town Manager, the Finance Board, Honorable Board of Selectmen, DPW, Police, and Fire departments who can always be depended on to support our efforts including all MEMA, FEMA exercises and real emergencies that may arise.

My personal thanks to the Emergency Management Deputy Director, John Savastano, Operations Staff, headed by Connor Lincoln, Transportation Officer Neil Hamel, the Communications staff, headed by William Hastings and the RACES communicators and all the Emergency management Officers; without your dedicated support and all the voluntary service you provide to our community, our agency could not support our community. I greatly appreciate your time and effort.

Respectfully Submitted

Jeffrey J. Coco E.M.D.

Fire Department

William A. McCarthy, Fire Chief

The North Andover Fire Department saw the addition of three firefighters in 2018. Ian McAllister was hired on March 5th and graduated from the Massachusetts Firefighting Academy on October 15, 2018. Nicholas Martone was hired on April 30th and graduated from the MFA on November 19, 2018. Dann Nicolosi was hired on October 15, 2018 and will enter the academy in 2019. Firefighter Corey Pramas completed his year as a probationary firefighter and was sworn in as a permanent firefighter on November 19, 2018. Firefighter Richard Bradley retired on March 31, 2018 after 34 dedicated years.

The fire department responded to 4849 incidents in 2018, an increase of 422 responses from 2017. One-hundred-ten fires were reported in 2018, which included 77 fires in a structure. A majority of these fires occurred on the afternoon of September 13, 2018 during the Merrimack Valley Gas Disaster. During the first eight hours of this unprecedented event, the fire department responded to 114 emergencies. Thirty-four fires were reported in single and multiple family homes. Eleven of those fires spread from a contents-fire to a structure-fire. Single fire companies, consisting of two or three firefighters, were working each of these fires alone until out-of-town mutual aid departments arrived to assist at these fires and the other fires.

In addition to the fires, there were over 90 reported odors of gas in buildings and throughout neighborhoods. A massive state response of mutual aid fire departments, which consisted of over 180 fire departments from Massachusetts, New Hampshire and Maine, assisted in responding in North Andover, Andover and Lawrence. It took until mid-December to get residents and businesses heat and hot water. Many of the town departments worked closely with each during the restoration to assist those residents impacted by the disaster.

There were, 3033 emergency medical responses in 2018, which was 62% of all incidents. Of those, 2501 were transports to local hospitals. There were 23 opioid overdoses in 2018, a decrease from 27 in 2017. All North Andover firefighters are Emergency Medical Technicians (EMTs) trained in administering naloxone (Narcan).

On February 13, 2018 Firefighter Jeff Crosby was awarded the Exchange Club Firefighter of the Year at their annual awards banquet. Firefighter Crosby was awarded for his actions while off-duty on June 18, 2018, coming to the aid of two severely burned victims from a propane fed flash fire at 980 Osgood Street.

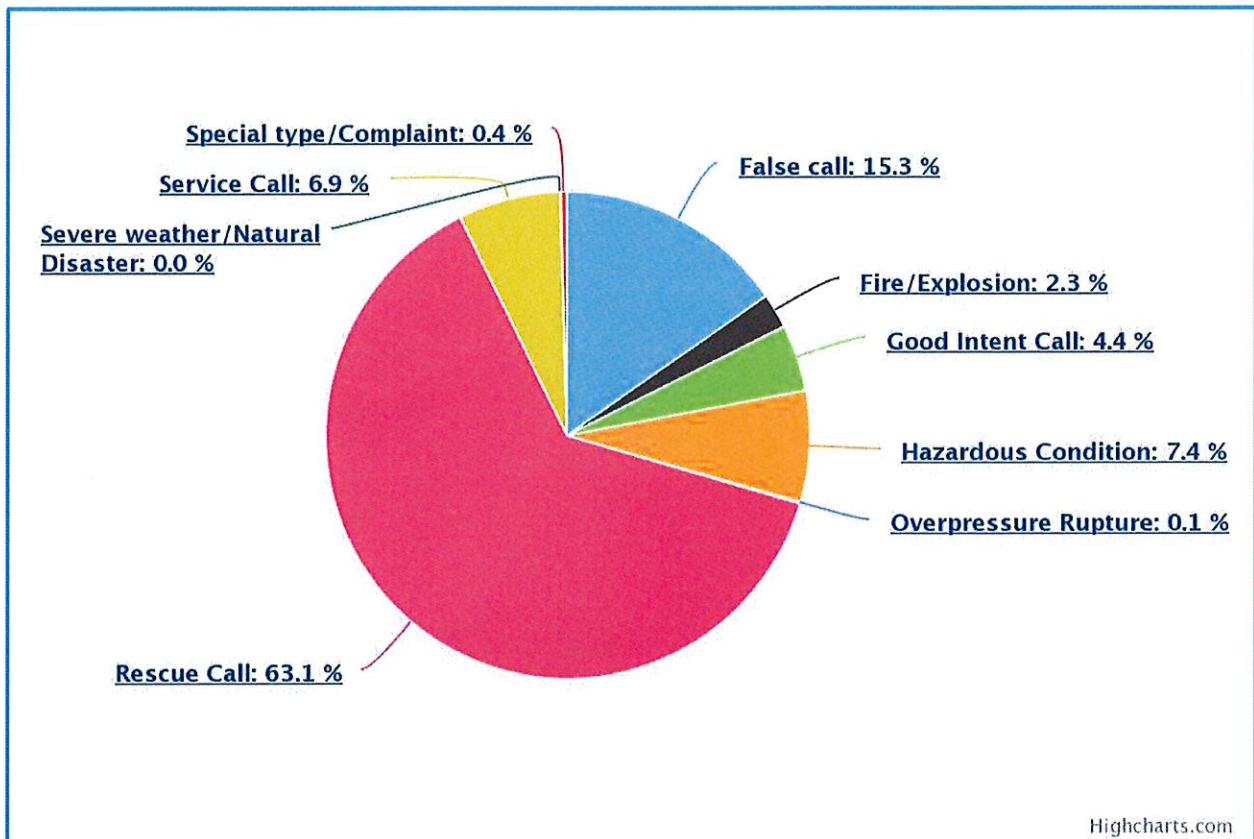
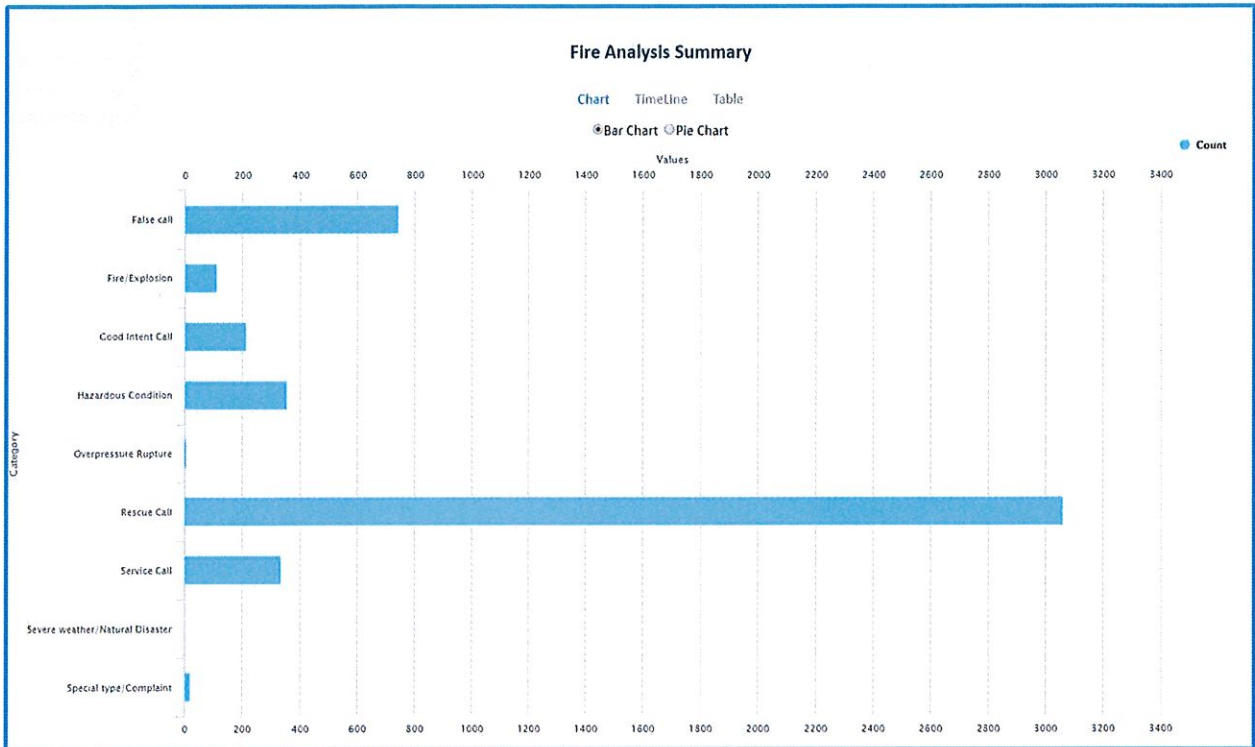
The department again was awarded both of the S.A.F.E. grants from the Executive Office of Public Safety. The Student Awareness of Fire Education (S.A.F.E.) Program is a state initiative to provide resources to local fire departments to conduct fire and life safety education programs in grades K-12. The mission is to enable students to recognize the dangers of fire and more specifically the fire hazards tobacco products pose. North Andover Fire Department has been receiving this grant since 1996. The S.A.F.E. Program has been in existence since FY '96. During the first seven years, S.A.F.E. was funded by the tobacco tax, better known as the Health Protection Fund, because smoking is the leading cause of fire deaths. It is currently funded by a

state appropriation from general revenue funds distributed by the Executive Office of Public Safety.

The Senior S.A.F.E. Program was created by the Legislature in the FY'14 budget. It is a grant program to local fire departments to support fire and safety education for older adults, those most at risk of dying in fires in our state. Senior SAFE builds on the successful 20 years of the school-based (S.A.F.E.) Program that has reduced the average annual child fire deaths by 70%. The fire service expects to have a similar impact for older adults. Firefighter Matt Davis is our life safety educator who organizes education with the North Andover School Department, Senior Center and North Andover Elderly Housing.

The North Andover Fire Department continued its proactive approach to fire prevention and education by participating jointly with the North Andover Police Department's "National Night Out" during August and the annual Fire Prevention Week Open House during October. Those in attendance were educated in smoke and carbon monoxide detectors, child car seat installations, blood pressure and blood sugar checks, tours of the station and were shown equipment used by the fire department. Numerous Cardiopulmonary Resuscitation (CPR) trainings were given to local businesses and groups throughout 2018 by the North Andover Fire Department.

The fire department received donations in 2018 from Elizabeth Wilson and Elizabeth Armstrong. We want to thank both of them for their generous donations. Finally, we would like to thank the town administrators and community for their continued support of the North Andover Fire Department. Our members are dedicated to keeping North Andover and its residents safe.



North Andover Police Department 2018 Annual Town Report

As your Chief of Police, I present to you the North Andover Police Department 2018 annual report. Over the last few years the profession of law enforcement has become increasingly more complicated, and the public's expectations are becoming increasingly demanding. That all being said, policing extends beyond the realm of enforcing the laws only.

The men and women of the North Andover Police Department are up for this challenge and work in a fast-paced environment that requires us to address and overcome a wide variety of emerging issues in the community. Such as police officers called to respond to many non-criminal incidents, including mental health, family crisis and alcohol and drug addiction. The heroin, fentanyl, and opioid epidemic is a real and devastating issue and officers are exposed to these situations on a weekly basis. The department has expanded its training and awareness in these particular areas. In addition, the town was able to hire a Community Service Coordinator who adds additional resources and help needed by the officers, to get these people the help they require.

Additionally, the department has put together a progressive and dynamic street survey study to attempt to evaluate traffic problems. Our studies are focused on traffic patterns, speed control etc. using state-of-the-art traffic monitoring equipment purchased through a statewide grant.

The North Andover Police Department Communications Division proudly provides professional police and fire Public Safety dispatch services to the community. The North Andover Communications Center serves as the primary answering point for all emergency 911 calls in the town of North Andover.

In 2018 the North Andover police became one of a handful of agencies across the Commonwealth to start receiving 35% of their wireless 911 calls directly. With this change, the North Andover Police Department is expected to see an increase of approximately 4,000 911 calls annually. This change will quicken the response to emergency calls by reducing the number of transfers once the call was received. It also allows for an additional \$15,000 annually of grant support funds.

In addition, with the help of the Andover Police and Fire Departments we were able to complete a collaborative project to erect a 120 foot monopole radio tower at our main transmitting location on Holt Hill in Andover, Massachusetts. This location is one of the highest points in Essex County and allows for tremendous radio coverage.

Lastly, this incident which has become known as “The Merrimack Valley Gas Disaster” involved the Town of North Andover, the Town of Andover, and the City of Lawrence. On Thursday, September 13, 2018, shortly after 4:00 PM the over-pressurization of the low pressure gas lines in a 5 square mile radius resulted in more than 130 fires and explosions of which 34 were in the Town of North Andover, close to two dozen injuries and at least one fatality in the City of Lawrence. More than 10,000 households and 685 businesses lost gas service and as a result did not have access to heat and hot water and other gas appliances.

For more than three hours after the over-pressurization residents in the impacted area could smell gas outside of their homes. It is estimated that this disaster impacted between 40,000 to 50,000 residents in the towns of North Andover, Andover and the City of Lawrence making it the largest disaster of its type in U.S. history.

As social media and news agencies started broadcasting the incident, instructions were given out that residences utilizing gas service needed to leave their homes immediately, turning off the main gas supply valve if you know how. This increased the panic, fear and terror amongst the residents in town.

With over 130 fires burning in the area and abundance of incoming mutual aid apparatus responding, traffic problems began to multiply. Approximately 167 engines, 65 ladder trucks, and additional command and communications vehicles were responding to assist. In the end, over 180 fire departments responded to assist, including 133 from Massachusetts, 50 from New Hampshire, and 1 from Maine. Since streets were blocked by fire apparatus fighting fires and the need for incoming mutual aid equipment to get into the area, the Massachusetts State Police blocked off four exits from Interstate 495 allowing only emergency vehicle access to the area.

The North Eastern Massachusetts Law Enforcement Council (NEMLEC), Central Massachusetts Law Enforcement Council (CEMLEC) and South Eastern Massachusetts Law Enforcement Council (SEMLEC) were activated and 140 different law enforcement agencies provided 660 personnel to assist in security, patrol and other protective service duties. Emergency Medical Services (EMS) included 54 ambulances that reported to the staging area and were tasked with patient care, transport, and shuttling to shelters. By Friday, September 14, 2018, the Governor of Massachusetts had declared a state of emergency.

In closing there is a continued effort to complete the restoration of gas services and road repairs. It was truly amazing to watch all of the Public Safety, Columbia Gas and other contractors come together in a collaborative effort to restore gas services to the people of our community. The North Andover Police Department stands ready to serve and protect every day, no matter what.

I would like to take this opportunity to thank the men and women from all of the police and fire departments that assisted us through this disaster. As I've said in years past, I would like to single out the departments from our community that have been instrumental in supporting the Police Department year after year. Thank you very much to the North Andover Fire department and the North Andover Department of Public Works for always being committed to making North Andover a great place to live and work.

DIVISION OF PUBLIC WORKS

FY 2018

WATER SUPPLY & DISTRIBUTION

In FY18, 275 feet of 8-inch ductile iron pipe were installed. The water distribution system now consists of: 149.41 miles of main pipe; 6 twelve-inch check valves; 4 twelve-inch altitude valves; 5 twenty-four-inch butterfly valves; 567 twelve-inch, 4 ten-inch, 1118 eight-inch, 1892 six-inch, and 4 four-inch gate valves; with 1,541 public hydrants.

| | | | | | | |
|------------------------------|-------------|----------------|--------------|----------------|---------------|------------|
| SIZE OF PIPE (INCHES) | 24 | 12 | 10 | 8 | 6 | 4 |
| LENGTH OF PIPE (FEET) | 1917 | 278,341 | 7,615 | 412,564 | 81,159 | 684 |

There were installed in FY18 either wholly or partially, twenty-nine water services. Four fire hydrants were replaced. Ten water main breaks or leaks were repaired. Hydrants were repaired, flagged and painted as necessary.

STATISTICS RELATING TO DISTRIBUTION SYSTEM

| | |
|---|---|
| 1. KIND OF PIPE | CAST IRON, DUCTILE IRON, HDPE |
| 2. SIZES | 3" TO 24" |
| 3. EXTENDED DURING THE YEAR (FEET) | 275 |
| 4. DISCONTINUED (FEET) | 275 |
| 5. TOTAL NUMBER OF HYDRANTS ADDED DURING THE YEAR | 0 |
| 6. TOTAL NUMBER OF HYDRANTS NOW IN USE | 1,541 |
| 7. NUMBER OF STOP GATES NOW IN USE | 3,599 |
| 8. NUMBER OF STOP GATES SMALLER THAN 4 INCHES | 0 |
| 9. NUMBER OF BLOWOFFS | 6 |
| 10. RANGE OF PRESSURE ON MAINS | 40 TO 148 PSI |
| 11. KIND OF SERVICE PIPE | CEMENT LINED CAST IRON, COPPER, DUCTILE IRON |
| 12. SIZE OF SERVICE PIPE | ¾" TO 10" |
| 13. NUMBER OF SERVICE TAPS ADDED THIS YEAR | 29 |
| 14. NUMBER OF SERVICE TAPS NOW IN USE | 7,928 |
| 15. NUMBER OF METERS INSTALLED | 129 |

During FY18, a new 8-inch water main was installed in Greene Street near building #350. This section main had previously ruptured on several occasions, creating the need for replacement. The Water Department is planning to replace the main line in Sylvan Terrace in FY19.

WATER SUPPLY & DISTRIBUTION

DRINKING WATER TREATMENT PLANT (DWTP) **& BOOSTER PUMPING STATIONS**

Finished Water Pumped FY2018

| <u>Months</u> | <u>Million Gallons (MG)</u> |
|----------------------|------------------------------------|
| July 2017 | 122.857 |
| Aug | 135.552 |
| Sept | 109.939 |
| Oct | 91.866 |
| Nov | 74.509 |
| Dec | 75.256 |
| Jan 2018 | 80.495 |
| Feb | 67.220 |
| Mar | 75.812 |
| Apr | 74.728 |
| May | 90.598 |
| <u>June</u> | <u>123.724</u> |
| Total | 1,122.556 |

| | | |
|-----------------------------------|-------------------------|---------------------|
| Average daily consumption: | | 3.075 MG/day |
| Max day pumping: | June 18, 2018 | 5.668 MG |
| Largest pumping period: | June 17-23, 2018 | 33.19 MG's |

Throughout this fiscal year many repairs and improvements were made within the DWTP, Booster Pump Stations (BPS) and Storage Tanks. The following are just a few of the projects completed:

- New communication system installed for remote water stations;
- Installed new fluoride tanks
- Passed the requirements to be recertified for bacterial sampling in our lab;
- Continue upgrading lighting with LED fixtures at the Water Treatment Plant ;
- Construction completed on the new SCADA system.
- Demolition of the Old North Station completed.

CROSS CONNECTION CONTROL PROGRAM (CCCP)

The program is ongoing annually in accordance with the Department of Environmental Protection, Division of Water Supply 310 CMR 22.22 Regulations. The Town's Water Department is ultimately responsible for all actions regarding this program to insure that it is managed and maintained correctly according to Federal & State Laws. No cross connection violations were

detected in FY 18 thus the program is extremely successful in keeping our water safe from outside contaminated sources. Six hundred and fifty seven (657) devices were successfully tested.

SEWAGE COLLECTION AND TREATMENT

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| PAVED ROADWAYS FY 2018 | |
|------------------------|-----------------------------------|
| STREET | LOCATION |
| Sutton Street | Main Street to the traffic island |

| | |
|---------------------|------------------------------------|
| Hay Meadow Road | Full Length |
| Tanglewood Lane | Foster Street to Wintergreen Drive |
| Turtle Lane | Full Length |
| Cochickewick Drive | Full Length |
| Stonington Street | Full Length |
| Berkeley Road | Route 114 to Foss Road |
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| Cleveland Street | Full Length |
| Second Street | Main Street to Maple Avenue |
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Our tree department crews again worked with the various Committees in many ways throughout the year: Christmas lights were put up in the Old Center Common as well as the downtown area which made for a wonderful and festive display, flags were put up along Mass. Ave and Main Street for the 4th of July celebration and veterans day, and wreaths were hung along these same streets for the Christmas holiday.

PLAYGROUND MAINTENANCE

The playground system consists of Grogan's Field, 4.7 acres; Drummond Field, 5.0 acres; American Legion Beach, 1.4 acres; Carl Thomas Playground, 4.7 acres; Aplin Playground, 1.8 acres; McEvoy Playground, 4.1 acres, Reynolds Playground 3.0 acres; the Gallagher Field at the Town Farm 2.5 acres, the Cyr Recreation Area, 10.3 acres and the new Foster Farm Fields 6.0 acres. This brings the total number of acres to 43.5. As part of the Playground Master Plan, new swing sets and playground equipment were installed at Drummond Playground.

PARKS & SCHOOL GROUNDS MAINTENANCE

The parks area consists of the Center Common, 8.1 acres; training grounds, 1.9 acres; Memorial Park, 2.7 acres; Old Burying Ground, 1 acre; Historical Society Plot; Farrington Burying Grounds; and 20 small plots at street intersections – a total of 15 acres. All park areas were maintained, and mowed an average of once per week. Triangles at various locations were maintained and mowed. In addition to Town crew work, the Department oversaw the Adopt-an-Island program that help beautify and maintain several locations throughout the Town.

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Our thanks to all the volunteer organizations for funding programs, making improvements and for providing their time and effort in maintaining and improving our playing fields.

Respectfully submitted,

Division of Public Works

North Andover Housing Authority

As the Executive Director of NAHA, I am pleased to submit on behalf of the North Andover Housing Authority Board of Commissioners, the Authority's annual report. This report has been prepared in accordance with Chapter 121B of the General Laws of Massachusetts, which govern housing authorities.

The Housing Authority owns and manages 297 income based rental units of Public Housing in North Andover. The Authority-owned units are distributed in six elderly and two family developments, which consist of:

State funded:

| | |
|-----------------------------------|--|
| <i>Fountain Drive</i> | <i>40 units of elderly/handicapped</i> |
| <i>Bingham Way</i> | <i>42 units of elderly/handicapped</i> |
| <i>Foulds Terrace</i> | <i>52 units of elderly/handicapped</i> |
| <i>O'Connor Heights</i> | <i>20 units of elderly/handicapped</i> |
| | <i>10 units of congregate housing</i> |
| <i>Veteran's (Family) Housing</i> | <i>14 two bedroom family units</i> |
| | <i>10 three bedroom family units</i> |
| <i>Ashland Street</i> | <i>4 three bedroom family units</i> |

Federally funded:

| | |
|-------------------------|--|
| <i>McCabe Court</i> | <i>45 units of elderly/handicapped</i> |
| <i>Morkeski Meadows</i> | <i>60 units of elderly/handicapped</i> |

Public Housing units administered by the North Andover Housing Authority are subject to the following income limits:

| | <i>State</i> | <i>Federal(50% below AMI)</i> |
|---------------------------|-----------------|-------------------------------|
| <i>1 person household</i> | <i>\$50,350</i> | <i>\$33,450</i> |
| <i>2</i> | <i>57,550</i> | <i>38,200</i> |
| <i>3</i> | <i>64,750</i> | <i>43,000</i> |
| <i>4</i> | <i>71,900</i> | <i>47,750</i> |
| <i>5</i> | <i>77,700</i> | <i>51,550</i> |
| <i>6</i> | <i>83,450</i> | <i>55,400</i> |
| <i>7</i> | <i>89,200</i> | <i>59,200</i> |
| <i>8 or more</i> | <i>94,950</i> | <i>63,050</i> |

The state minimum age requirement for elderly is 60, or handicapped. The federal minimum age requirement for elderly is 62, or handicapped. The minimum head of household age for family housing is 18 or over. Neither program has an asset limit. Income from assets is added to total income and that must remain within the above thresholds. North Andover residents and people who work in North Andover receive a preference for these programs.

In addition to owned units, the Authority also administers rental subsidy programs through the use of Federal and State funds. These programs are designed to provide a subsidy for housing to eligible elderly/handicapped, families, and single individuals. The Authority currently administers 133 Section 8 Housing Choice Vouchers and 4 Mass Rental Vouchers (MRVP).

The Authority offers the Family Self-Sufficiency Program (FSS) to those individuals participating in the Section 8 Housing Choice Voucher Program. FSS is a HUD funded social service program designed to promote employment and increase assets for families receiving Section 8 rental subsidies. During a five to seven year period, participants work individually with a case-manager on such goals as education, money management, job training, childcare, transportation, and homeownership education. A key component of the FSS Program is the establishment of an escrow or savings account that accumulates as earned income increases. Families receive the funds after they successfully complete the program. Many FSS families have used their escrow to purchase homes. FSS is unique because of its individual approach to supporting families and is one of the few asset building government programs in existence.

Future Plans/Goals:

- *Continued Modernization improvements to housing authority properties*
- *Increase affordable housing opportunities*
- *Educate residents on available community resources and services*
- *Partner with local colleges to provide ongoing social work internships for social service coordination for residents*
- *Maintain smoke free properties*
- *Increase landlord participation in section 8 program through incentives and education*
- *Promote community and intergenerational activities for the elderly through partnerships with area providers*
- *Partner with the private and public sector to maximize services and resources for residents*
- *Provide financial education to housing authority residents and Section 8 participants to promote financial independence*
- *Promote home-ownership education for public housing tenants and Section 8 participants*

The North Housing Authority is dedicated to serving the housing needs of the community. The mission of the North Andover Housing Authority is to promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination. Working together with the staff, board of commissioners, residents, and community members, the North Andover Housing Authority strives to create neighborhoods where residents continue to be a valuable part of the community. NAHA is diligently working to improve and preserve our current properties/affordable housing in North Andover as well as working to increase our housing stock to create more affordable units in North Andover.

*Respectfully Submitted,
Cathy Hoog, PHM, LMHC, LMFT*

Mary Beth Soucy-Larkin, Chairman

Stephen Long, Assistant Chairman

Edward Capodilupo, Secretary

Madeleine Sutcliffe, State Appointee, Treasurer

Francis McCarty, Member

DIVISION OF PUBLIC WORKS

FY 2018

WATER SUPPLY & DISTRIBUTION

In FY18, 275 feet of 8-inch ductile iron pipe were installed. The water distribution system now consists of: 149.41 miles of main pipe; 6 twelve-inch check valves; 4 twelve-inch altitude valves; 5 twenty-four-inch butterfly valves; 567 twelve-inch, 4 ten-inch, 1118 eight-inch, 1892 six-inch, and 4 four-inch gate valves; with 1,541 public hydrants.

| | | | | | | |
|------------------------------|-------------|----------------|--------------|----------------|---------------|------------|
| SIZE OF PIPE (INCHES) | 24 | 12 | 10 | 8 | 6 | 4 |
| LENGTH OF PIPE (FEET) | 1917 | 278,341 | 7,615 | 412,564 | 81,159 | 684 |

There were installed in FY18 either wholly or partially, twenty-nine water services. Four fire hydrants were replaced. Ten water main breaks or leaks were repaired. Hydrants were repaired, flagged and painted as necessary.

STATISTICS RELATING TO DISTRIBUTION SYSTEM

| | |
|---|---|
| 1. KIND OF PIPE | CAST IRON, DUCTILE IRON, HDPE |
| 2. SIZES | 3" TO 24" |
| 3. EXTENDED DURING THE YEAR (FEET) | 275 |
| 4. DISCONTINUED (FEET) | 275 |
| 5. TOTAL NUMBER OF HYDRANTS ADDED DURING THE YEAR | 0 |
| 6. TOTAL NUMBER OF HYDRANTS NOW IN USE | 1,541 |
| 7. NUMBER OF STOP GATES NOW IN USE | 3,599 |
| 8. NUMBER OF STOP GATES SMALLER THAN 4 INCHES | 0 |
| 9. NUMBER OF BLOWOFFS | 6 |
| 10. RANGE OF PRESSURE ON MAINS | 40 TO 148 PSI |
| 11. KIND OF SERVICE PIPE | CEMENT LINED CAST IRON, COPPER, DUCTILE IRON |
| 12. SIZE OF SERVICE PIPE | ¾" TO 10" |
| 13. NUMBER OF SERVICE TAPS ADDED THIS YEAR | 29 |
| 14. NUMBER OF SERVICE TAPS NOW IN USE | 7,928 |
| 15. NUMBER OF METERS INSTALLED | 129 |

During FY18, a new 8-inch water main was installed in Greene Street near building #350. This section main had previously ruptured on several occasions, creating the need for replacement. The Water Department is planning to replace the main line in Sylvan Terrace in FY19.

WATER SUPPLY & DISTRIBUTION

DRINKING WATER TREATMENT PLANT (DWTP) **& BOOSTER PUMPING STATIONS**

Finished Water Pumped FY2018

| <u>Months</u> | <u>Million Gallons (MG)</u> |
|----------------------|------------------------------------|
| July 2017 | 122.857 |
| Aug | 135.552 |
| Sept | 109.939 |
| Oct | 91.866 |
| Nov | 74.509 |
| Dec | 75.256 |
| Jan 2018 | 80.495 |
| Feb | 67.220 |
| Mar | 75.812 |
| Apr | 74.728 |
| May | 90.598 |
| <u>June</u> | <u>123.724</u> |
| Total | 1,122.556 |

| | | |
|-----------------------------------|-------------------------|---------------------|
| Average daily consumption: | | 3.075 MG/day |
| Max day pumping: | June 18, 2018 | 5.668 MG |
| Largest pumping period: | June 17-23, 2018 | 33.19 MG's |

Throughout this fiscal year many repairs and improvements were made within the DWTP, Booster Pump Stations (BPS) and Storage Tanks. The following are just a few of the projects completed:

- New communication system installed for remote water stations;
- Installed new fluoride tanks
- Passed the requirements to be recertified for bacterial sampling in our lab;
- Continue upgrading lighting with LED fixtures at the Water Treatment Plant ;
- Construction completed on the new SCADA system.
- Demolition of the Old North Station completed.

CROSS CONNECTION CONTROL PROGRAM (CCCP)

The program is ongoing annually in accordance with the Department of Environmental Protection, Division of Water Supply 310 CMR 22.22 Regulations. The Town's Water Department is ultimately responsible for all actions regarding this program to insure that it is managed and maintained correctly according to Federal & State Laws. No cross connection violations were

detected in FY 18 thus the program is extremely successful in keeping our water safe from outside contaminated sources. Six hundred and fifty seven (657) devices were successfully tested.

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Respectfully submitted,

Division of Public Works

NORTH ANDOVER PUBLIC SCHOOLS

ENROLLMENT 2017/18

Updated 12/21/2017

| | 0 | 1 | 2 | 3 | 4 | 5 | Grand Total |
|----------------------|-----|-----|-----|-----|-----|-----|-------------|
| Atkinson Elementary | 69 | 74 | 73 | 75 | 71 | 96 | 458 |
| Franklin Elementary | 67 | 73 | 76 | 84 | 83 | 75 | 458 |
| Kittredge Elementary | 46 | 50 | 41 | 51 | 48 | 51 | 287 |
| Sargent Elementary | 89 | 92 | 92 | 102 | 92 | 96 | 563 |
| Thomson Elementary | 41 | 60 | 64 | 53 | 72 | 56 | 346 |
| Grand Total | 312 | 349 | 346 | 365 | 366 | 374 | 2112 |

| | 6 | 7 | 8 | 9 | 10 | 11 | 12 | Grand Total |
|-----------------------------|-----|-----|-----|-----|-----|-----|-----|-------------|
| North Andover High School | | | | 390 | 327 | 389 | 355 | 1461 |
| North Andover Middle School | 363 | 358 | 389 | | | | | 1110 |
| Scarlet Knight Academy | | | | | 3 | 8 | 22 | 33 |
| Grand Total | 363 | 358 | 389 | 390 | 330 | 397 | 377 | 2604 |

| | -1 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|------------------------|-----|---|---|---|---|---|---|---|---|
| Early Childhood Center | 132 | | | | | | | | |
| Out of District-SPED | | | 1 | 1 | 1 | 2 | 1 | 7 | 4 |
| SPED Services Only | 24 | 1 | | | 1 | 2 | 2 | 1 | |
| Grand Total | 156 | 1 | 1 | 1 | 2 | 4 | 3 | 8 | 4 |

OFFICIAL JANUARY 30, 2018 SPECIAL TOWN MEETING MINUTES

The Special Town Meeting for the Town of North Andover called by a petition of 200 voters was held on Tuesday January 30, 2018 admitted 2,697 voters. Poll Pads were used for the first time to check in voters. This electronic process utilized many volunteers to check in voters and apply red wrist bands and distribute red voter cards. Shuttle buses were provided to assist with satellite parking thanks to Brooks School in North Andover. Other buses were used to allow the entry of such a substantial turnout. Town Moderator Mark DiSalvo explained the Town Meeting rules. All official counters were sworn in for those in the North Andover High School Fieldhouse and an overflow into the High School Auditorium. Logistics were coordinated by the North Andover Emergency Management members. Kevin Foley was the alternate moderator ably assisted by Assistant Town Clerk Suzanne Pelich in the auditorium. The Moderator introduced the participants on the stage which included the Board of Selectmen, Finance Committee, Town Manager Andrew W. Maylor, Special Town Counsel Lauren Goldberg, IT Coordinator Christopher McClure and Town Clerk Joyce Bradshaw.

Moderator DiSalvo opened the meeting at 7:27PM on a motion by Phil DeCologero, Chairman of the Board of Selectmen Mr. Moderator, Phil DeCologero, 75 Meadow Lane, Chairman of the Board of Selectmen to dispense with the reading of the warrant, and with the reading of the Constable's Return of Service of that warrant. I further move that the Moderator not be required to read articles of the warrant verbatim, but be allowed to refer to Articles by number and by subject matter or as displayed on the screens; and further that Amendments need not be read but are to be voted upon as displayed or otherwise provided, in print, to the voters in attendance which was unanimously approved. Moderator DiSalvo informed the meeting that Articles 1 and 2 would be discussed in tandem but voted separately.

Article 1: Citizen Petition-Prohibition of Non-Medical Marijuana- General Bylaw.

Voted to amend the Town's General Bylaw by adding a new Chapter and Section that would provide as follows, and further to amend the Table of Contents to add said Chapter and Section.

Chapter 135 Marijuana

Section 135-1 Marijuana Establishments

Consistent with G.L. c.94G, § 3(a)(2), all types of non-medical "marijuana establishments" as defined in G.L. c.94G, §1, including marijuana cultivators, independent testing laboratory, marijuana product manufacturers, marijuana retailers or any other types of licensed marijuana-related businesses, shall be prohibited within the Town.

Milton Long, et al.

VOTED JANUARY 30, 2018 YES 1430 NO 1155

APPROVED BY ATTORNEY GENERAL MARCH 27, 2018 AND POSTED APRIL 2, 2018

Board of Selectmen Recommendation: Unfavorable Action

Article 2: Citizen Petition-Prohibition of Non-Medical Marijuana-Zoning Bylaw.

Voted to amend the Town's Zoning Bylaw by adding a new Section that would provide as follows, and further to amend the Table of Contents to add said Section.

Section 4.4 Prohibited Uses

The following uses are prohibited within all zoning districts of the Town:

1. Marijuana Establishments

Consistent with G.L. c.94G, § 3(a)(2), all types of non-medical “marijuana establishments” as defined in G.L. c.94G, §1, including marijuana cultivators, independent testing laboratory, marijuana product manufacturers, marijuana retailers or any other types of licensed marijuana-related businesses, shall be prohibited within the Town.

Milton Long, et al.

Article 2 Defeated on Motion to Withdraw on Unanimous Vote

Board of Selectmen Recommendation: Unfavorable action

Planning Board Recommendation: To be made at Town Meeting

Vote Required: Two-thirds (2/3) vote

Article 3: General Bylaw-Prohibition of Marijuana Retailers, On-Site Consumption of Marijuana, Marijuana Special Events, and Craft Marijuana Cultivator Cooperatives.

To see if the town will vote to amend the Town’s General Bylaws, by adding the following new chapter:

Chapter 135- Marijuana

1. Prohibition.As authorized by G.L. c. 94G, § 3(a)(2), the Town of North Andover hereby Craft Marijuana Cultivator Cooperatives, in the Town of North Andover. Such uses are defined in G.L. c. 94G, §1, et seq.

2. Severability.If any provision, paragraph, sentence or clause of this bylaw shall be held invalid for any reason, all other provisions shall continue in full force and effect.

3. Enforcement.The penalty for violation of this bylaw shall be \$200.00 for each such violation. Each day of the violation shall constitute a separate offense. In addition to any other applicable remedy, violation of this bylaw may be enforced by noncriminal disposition in accordance with G.L. c. 40, § 21D. The North Andover Police and the Building Inspector shall be the enforcing persons.

And further that non-substantive changes to the numbering of this bylaw be permitted in order that it be in compliance with numbering format of the North Andover General Bylaws,

Board of Selectmen

Board of Selectmen Recommendation: Favorable Action

Vote Required: Majority vote

Article 3 Defeated on “motion to withdraw” by Unanimous Vote

Article 4: Amend the Town of North Andover Zoning Bylaw- To Replace Section 8.13-Temporary Moratorium on Recreational Marijuana Establishments with Section 8.13-Marijuana Overlay District.

To see in the Town will vote to amend the Town of North Andover Zoning Bylaw, by replacing Section 8.13 Temporary Moratorium on Recreational Marijuana Establishments and Retailers with the following,

Section 8.13 Marijuana Overlay District

8.13.1 Establishment:

- 1) The Marijuana Overlay District (“MOD”) is established as an overlay district. The boundaries of the MOD are shown on the Zoning Map on file with the Town Clerk and are described below. Within the MOD, all requirements of the underlying district(s) remain in effect, except where these regulations provide an alternative to such requirements.
- 2) This section 8.13 Marijuana Overlay District is adopted for the purpose of regulating allowed marijuana uses in North Andover and replacing section 8.13 Temporary Moratorium on Recreational Marijuana Establishments and Retailers which was adopted at the May 2017 Annual Town Meeting. Section 8.13 Temporary Moratorium on Recreational Marijuana Establishments and Retailers is hereby repealed.
- 3) Land within the MOD may be used for (1) a marijuana establishment as defined within Section 8.13 in which case the requirements set forth in 8.13 shall apply; and/or (2) a use allowed in the underlying district, in which case the requirements of the underlying district shall apply. At the May 2017 annual Town Meeting, the Town of North Andover adopted section 8.13 Temporary Moratorium on Recreational Marijuana Establishments and Retailers, this section 8.13 Marijuana Overlay District is adopted for the purpose of regulating the allowed marijuana uses in North Andover and replacing the moratorium. Section 8.13 Temporary Moratorium on Recreational Marijuana Establishments and Retailers is hereby repealed.
- 4) If the provisions of the MOD are silent on a zoning regulation, the requirements of the underlying district shall apply. If the provisions of the MOD conflict with the requirements of the underlying district, the requirements of the MOD shall apply.

8.13.2 Purpose: To provide for the siting of specific Allowed Marijuana Uses (“AMU”) , which relate to or involve marijuana as regulated by General Law chapters 94C, App. §1-1, 94I and 94G, and such uses which are ancillary to commercial and medical marijuana but not licensed by the Cannabis Control Commission in locations suitable for lawful marijuana facilities; to minimize adverse impacts of marijuana related uses or facilities, as defined herein, on adjacent properties, residential neighborhoods, historic districts, schools, playgrounds, and other locations where minors congregate by regulating the siting, design, placement, security, and operations of AMU; to protect the health, safety, convenience and general welfare of the inhabitants of the Town; to provide for a review of plans for uses and structures in which AMU are allowed; to mitigate the significant impacts, both within the district and in relation to adjacent properties and streets on pedestrian and vehicular traffic; to minimize the impact on public services and infrastructure; and, to protect the environmental, unique and historic resources of the Town, abutting properties, community character, ambiance and aesthetics.

8.13.3 Boundaries: Boundaries of the MOD are shown on the Zoning Map and shall include the following parcels as identified on the FY 2017 Assessor’s Zoning Map: Map 77 Parcels 3, 12, 13, 14, and 17 and Map 34, Parcel 17. The MOD shall contain Sub district A and Sub district B.

- 1) The boundaries of Sub district A are shown on the Zoning Map and shall include the following parcels as identified on the FY 2017 Assessors’ Map 77 Parcels 3, 12, 13,14, and 17.

- 2) The boundaries of Sub district B are shown on the Zoning Map and shall include the parcel as identified on the FY 2017 Assessors' Map 34, Parcel 17.

8.13.4 Definitions: where not expressly defined in the Zoning Bylaw, terms used herein shall be interpreted as defined in General Law chapters 94C, App. §1-1, 94I and 94G and any regulations promulgated thereunder, and otherwise by their plain language.

- 1) **Allowed Marijuana Use ("AMU"):** the following uses are the sole uses allowed in the Town of North Andover; Independent Testing Laboratory, Medical Marijuana Treatment Center, Limited Medical Marijuana Treatment Center, Marijuana Cultivator, Marijuana Product Manufacturer, or Marijuana Research Facility.
- 2) **Best Management Practices:** the practices of the industry, including but not limited to; design, construction, and management, that address the best practices as it relates to a marijuana facility meeting the requirements of this bylaw.
- 3) **Craft Marijuana Cultivator Cooperative:** a marijuana cultivator comprised of residents of the commonwealth organized as a limited liability company or limited liability partnership under the laws of the commonwealth, or an appropriate business structure as determined by the Cannabis Control Commission ("Commission") and that is licensed to cultivate, obtain, manufacture, process, package and brand marijuana and marijuana products to deliver marijuana to marijuana establishments but not to consumers.
- 4) **Independent Testing Laboratory:** a laboratory that is licensed by the Commission and is (i) accredited to the most current International Organization for Standardization 17025 by a third-party accrediting body that is a signatory to the International Laboratory Accreditation Accrediting Cooperation mutual recognition arrangement or that is otherwise approved by the commission; (ii) independent financially from any medical marijuana treatment center or any licensee or marijuana establishment for which it conducts a test; and (iii) qualified to test marijuana in compliance with regulations promulgated by the Commission pursuant to G.L. c. 94G.
- 5) **Limited Medical Marijuana Treatment Center:** the premises approved under a medical use marijuana license limited to the acquisition, cultivation, possession, processing, including development of related products such as food, tinctures, aerosols, oils or ointments, of marijuana for the treatment of debilitating medical conditions, or the symptoms thereof and the transfer, transportation, of marijuana for the benefit of registered qualifying patients in the treatment of debilitating medical conditions or symptoms thereof, but not selling, distributing, dispensing or administering marijuana directly to qualifying patients in the treatment of debilitating medical conditions or symptoms thereof.
- 6) **Marijuana or Marihuana:** all parts of any plant of the genus Cannabis, not excepted below and whether growing or not; the seeds thereof; and resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture or preparation of the plant, its seeds or resin including tetrahydrocannabinol as defined in section 1 of chapter 94C; provided that "Marijuana" shall not include: (1) The mature stalks of the plant, fiber produced from the stalks, oil, or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture or preparation of the mature stalks, fiber, oil, or cake made from the seeds of the plant or the sterilized

seed of the plant that is incapable of germination; (2) Hemp; or (3) weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink or other products.

- 7) **Marijuana Cultivator:** an entity licensed to cultivate, process and package marijuana, to deliver marijuana to marijuana establishments and to transfer marijuana to other marijuana establishments, but not to consumers.
- 8) **Marijuana Establishment:** a marijuana cultivator, independent testing laboratory, marijuana product manufacturer, and marijuana research facility. For the purposes of this section 8.13, a marijuana establishment shall not include a marijuana retailer or a craft marijuana cultivator cooperative.
- 9) **Marijuana Product Manufacturer:** an entity licensed to obtain, manufacture, process and package marijuana and marijuana products, to deliver marijuana and marijuana products to marijuana establishments and to transfer marijuana and marijuana products to other marijuana establishments, but not to consumers.
- 10) **Marijuana Research Facility:** an entity licensed to engage in research projects by the Commission.
- 11) **Marijuana Retailer:** an entity licensed to purchase and deliver marijuana and marijuana products from marijuana establishments and to deliver, sell or otherwise transfer marijuana and marijuana products to marijuana establishments and to consumers.
- 12) **Medical Marijuana Treatment Center:** the premises approved under a medical use marijuana license for the purpose of the acquisition, cultivation, possession, processing, including development of related products such as food, tinctures, aerosols, oils or ointments, of marijuana for the treatment of debilitating medical conditions, or the symptoms thereof and the transfer, transportation, sale distribution, dispensing or administration of marijuana for the benefit of registered qualifying patients in the treatment of debilitating medical conditions or symptoms thereof.
- 13) **Medical Use of Marijuana:** the acquisition, cultivation, possession, processing, including development of related products such as food, tinctures, aerosols, oils or ointments, transfer, transportation, sale distribution, dispensing or administration of marijuana for the benefit of registered qualifying patients in the treatment of debilitating medical conditions or the symptoms thereof.

8.13.5. Prohibited Uses:

- 1) As authorized by G. L. c. 94G, marijuana retailers and marijuana craft cultivator cooperative are prohibited from locating or operating within the Town of North Andover.
- 2) Within Sub district B, a medical marijuana treatment center is a prohibited use.

8.13.6 Permitted Uses:

- 1) The following uses, as authorized under General Law chapters 94C, 94G and 94I, may be permitted in the Town of North Andover through a Special Permit granted by the Planning Board (the “SPGA”): Independent Testing Laboratory, Marijuana Cultivator, Marijuana Product Manufacturer, Marijuana research facility, Limited Medical Marijuana Treatment Center and Medical Marijuana Treatment Center. Such uses shall be referred collectively as AMU and may be allowed by special permit either in combination with each other or singly. Any AMU allowed in North Andover pursuant to this section, Section 8.13, shall be considered a new use, not a continuation of a pre-existing use. Any use

involving marijuana which is not permitted pursuant to this section, Section 8.13, is prohibited within the Town of North Andover.

- 2) An AMU shall only be permitted subject to the following conditions: 1) the applicant shall provide a performance bond for odor control, security measures, noise and any other specific condition that may be necessary due to the size of the project and other public health and safety concerns, 2) the applicant shall file its annual state license renewal application and license with the SPGA, 3) the site shall be subject to an annual inspection for compliance with the terms and conditions of the special permit, and 4) the applicant shall provide a bond or an amount in escrow for the cost of dismantling the AMU.
- 3) A Limited Medical Marijuana Treatment Center is an allowed use in Sub- district B, but not in Sub-district A.
- 4) A Medical Marijuana Treatment Center is an allowed use in Sub-district A.
- 5) Within Sub-district B, any special permit issued for an AMU for Marijuana Cultivation shall reserve an area of at least equal to fifteen (15) percent of the gross floor area dedicated to cultivation for Marijuana Research Facility and such space shall not be used for any other purpose.

8.13.7 Location:

- 1) An AMU may be permitted in the MOD pursuant to a Special Permit.
- 2) AMU may not be located within 500 feet of the following existing uses:
 - a) A public or private elementary, vocational, or secondary school or a public or private college, junior college, or university;
 - b) Licensed Child Care Facility;
 - c) Library;
 - d) Playground;
 - e) Public Park;
 - f) Youth center;
 - g) Public swimming pool;
 - h) Video arcade facility; or
 - i) Similar facility.
- 3) The distance under this section is measured in a straight line from the nearest point of the property line of the protected uses identified in Section 8.13.7(2) to the nearest point of the building in which the proposed AMU is located.

8.13.8 Dimensional Requirements:

- 1) An AMU shall only be allowed by Special Permit and the Planning Board shall be the Special Permit Granting Authority (SPGA).
- 2) The dimensional requirements of the underlying district shall apply to any uses permitted pursuant to this section.

8.13.9 Specific Siting Review:

The SPGA shall review specific siting criteria unique to AMU uses. Because AMU uses are a part of a new and developing industry and the impact of siting such uses may have unforeseen impact on the neighborhood and the site, the SPGA shall review the application to ensure that the applicant has designed the project to comply with the best practices of the industry and in such a manner that has a minimal detrimental impact on the community. A third party consultant may be employed to provide analysis of whether the application and these specific siting

requirements meet the best management practices of the industry and are designed to have a minimal detrimental impact on the community. An application for a special permit shall include the following:

- 1) A Community Impact Statement. An analysis of the impact on the Town, including but not limited to, the surrounding neighborhood in terms of use, architectural consistency, pedestrian movement and overall character; impacts on nearby historic structures or site; the impact on the interests noted Section 1 of the Zoning Bylaw, and an evaluation of the proposed project's consistency and compatibility with existing local and regional plans. The Planning Board may employ a third party consultant pursuant to Section 8.13.10 to evaluate whether the project is designed in a manner to have a minimal impact on the community and surrounding neighborhood.
- 2) A Water Use Study. A detailed analysis and data regarding the proposed water use for any AMU. The analysis shall include details regarding the adequacy of water supply, surface and subsurface drainage and information regarding how the application complies with all regulations promulgated pursuant to G.L. c. 94I, 94G, and any other laws or regulations promulgated regarding commercial or medical marijuana. All aspects of water use and discharge by an AMU but in any event shall be no less restrictive than those promulgated pursuant to G.L. c. 94C, App. 1 any other relevant regulation or law. The Planning Board may employ a third party consultant to review the water use study and to evaluate whether the project is designed to minimize the project's impact on the public water supply and whether the project is designed in accordance with the current best management practices of the industry.
- 3) A Security Measure Report. A description of the security measures, including employee security policies which comply with all regulations promulgated pursuant to G.L. c. 94I and 94G and any other laws or regulations promulgated regarding commercial or medical marijuana. Security measures proposed by an AMU must at least meet the standard set by G.L. c. 94C, App.1. Security measures proposed by the AMU should be designed in accordance with the best management practices of the industry. The Planning Board may employ a third party consultant to review the proposed security measures to evaluate whether the security measures are appropriate for the AMU and are designed in accordance with the current best practices of the industry.
- 4) A Transfer of Marijuana Policy. A copy of the policies and procedures for the transfer, acquisition, or sale of marijuana which shall comply with the regulations promulgated pursuant to G.L. c. 94I and 94G and any other laws or regulations promulgated regarding commercial or medical marijuana. Policies and procedures for the transfer of marijuana must at least meet the standards set by G.L. c. 94G and any further regulations established by the Town which shall be no less restrictive than those promulgated by the general laws and regulations. The Planning Board may employ a third party consultant to review the proposed policies and procedures regarding the transfer of marijuana to evaluate whether the policies and procedures are appropriate for the AMU and are designed in accordance with best management practices of the industry.
- 5) A Waste Management Report. A copy of proposed waste management procedures. Such proposal shall ensure safe disposal of waste, promote recycling and comply with the regulations promulgated pursuant to G.L. c. 94I and 94G and any other laws or regulations promulgated regarding commercial or medical marijuana. Policies and procedures for waste management must at least meet the standards set by G.L. c. 94G and any further regulations established by the Town which shall be no less restrictive than those promulgated by the general laws and regulations. The Planning Board may employ a third party consultant to review the proposed policies and procedures regarding the transfer of marijuana to evaluate whether the policies and procedures are appropriate for the AMU and are designed in accordance with best management practices of the industry.

- 6) An Energy and Environmental Standards Report. A detailed analysis of how the project meets the energy and environmental standards approved by the State regulatory authority which shall comply with the regulations promulgated pursuant to G.L. c. 94I and 94G and any other laws or regulations promulgated regarding commercial or medical marijuana. Policies and procedures for energy and environmental standards must at least meet the standards set by G.L. c. 94G and any further regulations established by the Town which shall be no less restrictive than those promulgated by the general laws and regulations. The Planning Board may employ a third party consultant to review the proposed policies and procedures regarding the transfer of marijuana to evaluate whether the policies and procedures are appropriate for the AMU and are designed in accordance with the best management practices of the industry.
- 7) An Odor Analysis and Report. A detailed analysis as to how the project meets the odor control standards as required by the State regulatory authority which complies with the regulations promulgated pursuant to G. L. c. 94I and 94G and any other laws or regulations promulgated regarding commercial or medical marijuana. Policies and procedures for Odor Control must at least meet the standards set by G.L. c. 94G and regulations promulgated thereunder and any further regulations established by the Town which shall be no less restrictive than those promulgated by the general laws and regulations. The Planning Board may employ a third party consultant to review the proposed policies and procedures regarding the transfer of marijuana to evaluate whether the policies and procedures are appropriate for the AMU and are designed in accordance with the best management practices of the industry.
- 8) Construction and Implementation Management Plan. A plan which sets out the sequence and dates of all aspects of the project. For each milestone designated, the applicant shall submit a statement of compliance to the Town Planner. Noncompliance with the timing or the sequence in the plan shall stay any further construction of the project or operation of the use until such time as the project is brought into compliance with the Plan. The Construction and Implementation Management Plan must at least meet the standards set by G.L. c. 94G and any further regulations established by the Town which shall be no less restrictive than those promulgated by the general laws and regulations.. The Planning Board may employ a third party consultant to review the proposed construction management plan to evaluate whether it is appropriate for the AMU and is designed in accordance with the best management practices of the industry.
- 9) Regulatory Waivers. A description of any waivers or variances of the requirements of the State licensing and registration authorities granted to or sought by the AMU.

8.13.10 Application Requirements.

The following items are required submittals to complete a Special Permit application:

- 1) The name and address of each owner of the facility/operation;
- 2) Evidence that the Applicant has site control and the right to use the site for a facility in the form of a deed or valid purchase and sale agreement, or, in the case of a lease, a notarized statement from the property owner and a copy of the lease agreement. The term “site” shall have the same meaning as lot, plot or parcel;
- 3) A copy of the provisional, final registration, or license issued by the Commonwealth of Massachusetts for the proposed AMU, to the extent applicable;

- 4) A detailed floor plan of the premises of the proposed AMU that identifies the square footage available and describes the functional areas of the AMU and the specific uses of those areas. The detailed floor plans should indicate that the best practices for building and facility design have been incorporated;
- 5) Detailed site plans that include the following information:
 - a) Drawings prepared at a scale of one inch equals forty feet (1"=40') or larger, or at a scale as approved in advance by the Town Planner. Revised plans shall contain a notation listing and describing all revisions, additions, and deletions made to the originally submitted plans and the date of each.
 - b) All site plans shall be prepared by a certified architect, landscape architect, and/or a civil engineer registered in the Commonwealth of Massachusetts. All landscape plans shall be prepared by a certified landscape architect registered in the Commonwealth of Massachusetts. All building elevations shall be prepared by a certified architect registered in the Commonwealth of Massachusetts. All storm water management plans and drainage calculations shall be stamped and signed by a Professional Engineer licensed to conduct such work in the Commonwealth of Massachusetts.
 - c) All site plans shall contain specific details as to:
 - I. North Arrow/Location Map: A north arrow and a location map showing surrounding roadways and land uses adjacent to the site (1"=1500'). Location Map should show at least one intersection of two existing Town roadways.
 - II. Survey of Lot/Parcel: A boundary survey conforming to the requirements of the Essex County Registry of Deeds Office. The survey shall be dated and include any revision made to the survey or site plan. Any change in the survey shall be recorded before site plan approval may be granted.
 - III. Name/Description of Project: The name of the development and the names, addresses and telephone numbers of the project listing tenants, land uses, development phases, or other pertinent information necessary to evaluate the proposed development plan.
 - IV. Easements/Legal Conditions: Identification of easement(s) or legal encumbrances(s) that are related to the sites physical development, and a listing of any condition(s) placed upon the site by the Board of Appeals, Planning Board, Conservation Commission, or any public body or agency, with the authority to place conditions on the sites development.
 - V. Topography: The present and proposed topography of the site, utilizing two foot (2') contour intervals. Existing topography fifty feet (50') beyond the perimeter of the parcel as it appears on the most current Town of North Andover topographic mapping shall also be shown.
 - VI. Zoning Information: All applicable Zoning Bylaw information shall be provided regarding the site's development. This information shall be placed in a table and list all parking, setbacks, percent of lot coverage, floor-area-ratio, number of dwelling units, total amount of square feet, size of signs and any other applicable zoning information necessary for the proper review of the site plan by the Town Planner and Planning Board.

- VII. Drainage Area Map: A drainage area map showing pre and post construction watersheds, sub watersheds and storm water flow paths, including municipal drainage system flows.
- VIII. Storm water Management Plan: A Storm water Management Plan prepared in accordance with the latest version of the Massachusetts Storm water Handbook and additional criteria established herein and demonstrating full compliance with the Massachusetts Storm water Standards and the North Andover Storm water Management and Erosion Control Regulations promulgated under Chapter 160 of the Town Bylaws (Storm water Management and Erosion Control Bylaw).
- IX. Building Location: Identification of all existing and proposed structure(s) located on the site. The number of stories, overall height in feet and gross floor area in square feet of all structure shall be indicated.
- X. Building Elevation: A drawing of the exterior of the building, as viewed from the front (street view), sides and rear must be submitted. This drawing must be at least 8" x 11" in size.
- XI. Location of Parking/Walkways: Identification of the location of all existing and proposed parking and walkways areas, including curb cuts that will be used to access the site from adjacent roadways, or access point.
- XII. Location of Wetlands/Notice of Intent: All resource areas as defined in M.G.L. Chapter 131, Section 40 and/or the Town of North Andover Wetland Protection Bylaw (Ch. 178), shall be shown on the site plan. If applicable, the applicant shall file a Notice of Intent with NACC concurrently with the application to the Planning Board for Special Permit.
- XIII. Location of Walls/Signs: Identification of the location, height and materials to be used for all retaining walls and signs located on the site. Signs will be reviewed using the guidelines set forth in Section 6.7 (H) of the Zoning Bylaw. No sign shall exceed the size limitations of those signs allowed under the North Andover alcohol beverages regulations.
- XIV. Location of Roadways/Drives: Identification of all right-of-ways and driveways including the type of curb and gutter to be used, and their dimensions. Distances to all the nearest roadways and/or curb cuts shall be shown for both sides of any streets which is adjacent to the site.
- XV. Outdoor Storage/Display Areas: Identification of the location and type of outdoor storage and display areas on the site.
- XVI. Landscaping Plan: The general outline of existing vegetation, wooded areas, significant trees, unique species and/or tree clusters and the extent of all vegetation, wooded areas, significant mature trees (>12 inches DBH), unique species and/or tree clusters to be removed and identification of the location and landscape schedule of all perimeter and interior landscaping, including but not limited to proposed paving materials for walkways, fences, stonewalls and all planting materials to be placed on the site. Any landscaping required by the Town Bylaws shall be indicated on the site plan in tabular

form showing the amount required and the amount provided. The following minimum screening and landscaping requirements shall apply and be shown on the plan:

- i. A strip of land at least six (6) feet wide (may be part of required yard setbacks) with trees or shrubs densely planted, to create at least an impervious screen, at least four (4) feet high at the time of planting and which are of a type that may be commonly expected to form a year round impervious screen at least five (5) feet high within three years.
 - ii. If a natural screen as described in item (a) above cannot be attained, a wall or fence of uniform appearance at least five (5) feet high above finished grade will be allowed. Such a wall and/or fence may be perforated, provided that not more than 25% of the face is open.
 - iii. All required screening, as described in items (a) and (b) above, shall be maintained in good condition at all times. Such screening may be interrupted by entrances or exits, and shall have no signs attached thereto other than those permitted in the district.
 - iv. On at least three sides of the perimeter of an outdoor parking lot, there shall be planted at least one tree for every thirty (30) linear feet. In the interior part of an outdoor parking lot where two rows of parking spaces containing a total of 10 or more parking spaces face each other, a landscaped open space not less than 6 feet in width shall be provided. The landscaped strip may be provided either; 1) between the rows of parking spaces parallel to the aisle or, 2) in two or more strips parallel to the spaces and extending from the aisle serving one row of spaces to the aisle serving the other row of spaces, as illustrated below. Trees required by this section shall be at least 3.5 inches in diameter at a height four feet above the ground at time of planting and shall be of a species characterized by suitability and hardiness for location in parking lot. To the extent practicable, existing trees shall be retained and used to satisfy this section. The following graphics are intended as illustrations and examples only and have not been incorporated into the requirements of this Bylaw. (See graphic after Tables and Footnotes at end of Bylaw).
- XVII. Refuse Areas: Identification of the location of each outdoor refuse storage area, including the method of storage and screening. All refuse areas must be fully enclosed. Security measures demonstrating that the refuse storage area will be secure from access and tampering.
- XVIII. Lighting Facilities: Identification of the proposed illumination, indicating the direction and the degree of illumination offered by the proposed lighting facilities, including an example of the light fixture to be used. All artificial lighting used to illuminate any commercial or industrial parking lot, loading bay or driveway shall have underground wiring and shall be so arranged that all direct rays from such lighting falls entirely within the parking, loading or driveway area, and shall be shielded or recessed so as not to shine upon abutting properties or streets.
- XIX. Traffic Impact Study: Identification of existing traffic levels, along with the expected traffic impacts to occur based upon the proposed project. Projects which access state

highways, a traffic impact study shall be filed with MEPA concurrently with the SPGA review. A copy of the MEPA study shall be filed with the application to the SPGA.

- XX. Commonwealth Review: Any information required and submitted to any agency of the Commonwealth, shall be filed with the SPGA upon the initial submission of the project for Board review.
 - XXI. Utilities: All utilities, including water line locations, sewer line locations and profiles, and storm drainage systems.
 - XXII. Fiscal Impact: Projections of costs rising from increased demand for public services and infrastructure; provisions of benefits from increased tax revenues, employment and infrastructure improvements; and impacts on adjacent property values.
 - XXIII. Emergency Procedures: A copy of the emergency procedures comply with all regulations promulgated pursuant to G.L. c. 94I and 94G but in any event shall be no less restrictive than those promulgated pursuant to G.L. c. 94C.
 - XXIV. Waiver: When in the opinion of the SPGA, the alteration, reconstruction of an existing structure or new use or change in use will not have a significant impact both within the site and in relation to adjacent properties and streets; on pedestrian and vehicular traffic; public services and infrastructure; environmental, unique and historic resources; abutting property and community needs, the Planning Board may determine that submission of one or more of the application filing requirements may be waived.
- 6) The Application must demonstrate compliance with the requirements for parking and loading spaces, for lot size, frontage, yards and heights and coverage of buildings, and all other provisions of this Bylaw;
 - 7) Convenience and safety of vehicular and pedestrian movement off the site, if vehicular and pedestrian traffic off-site can reasonably be expected to be substantially affected by on-site changes;
 - 8) Adequacy as to the arrangement and the number of parking and loading spaces in relation to the proposed use of the premises, including designated parking for home delivery vehicle(s), as applicable;
 - 9) Design and appearance of proposed buildings, structures, freestanding signs, screening and landscaping;
 - 10) The SPGA shall refer copies of the application to the Building Department, Fire Department, Police Department, Board of Health, the Conservation Commission, and the Department of Public Works. These boards/departments shall review the application and shall submit their written recommendations. Failure to make recommendations within 35 days of referral of the application shall be deemed lack of opposition;
 - 11) Outside Consultants and Review Fees: The SPGA may retain third party consultant to review the applicant's submittals and provide advice and technical assistance to the SPGA throughout its review. An outside consultant review escrow deposit shall accompany the Application for Special Permit. The escrow for review fees is intended to cover the SPGA's cost of hiring consultants to review the Applicant's compliance with the Special Permit requirements under this Bylaw, and may include legal counsel. The initial escrow deposit amount shall be set by the SPGA. Any unexpended monies in the escrow account will be returned to the Applicant only after all obligations are satisfied. Failure to fulfill escrow requirements may render an Application incomplete and be considered sufficient grounds for its denial.
 - 12) An application for an AMU shall be deemed to satisfy the requirements for a Site Plan Review as described in Section 8.3.

8.13.11 Findings of the SPGA

After notice and public hearing and consideration of application materials, consultant reviews, public comments, and the recommendations of other town boards and departments, the SPGA may act upon such a permit. The Special Permit Granting Authority shall only issue a Special Permit for AMU if it finds that:

- 1) The application meets the requirements of Section 10.31 of the Zoning Bylaw; and,
- 2) The following findings are also a prerequisite to the SPGA granting a permit:
 - a) The AMU is designed to minimize any adverse visual or economic impacts on abutters and other parties in interest.
 - b) The AMU has received a provisional or final registration and has received all other required permits, licenses and approvals from all applicable agencies within the Commonwealth of Massachusetts and is in compliance with all applicable state laws and regulations and all appropriate sections of the Zoning Bylaw;
 - c) Where applicable, the AMU meets the following requirements:
 - I. Abutting properties are protected from detrimental site characteristics.
 - II. The unique or important natural, historic or scenic features are protected.
 - III. The refuse disposal methods are adequate.
 - IV. The proposed sewage disposal and water supply systems within and adjacent to the site are adequate to serve the proposed use.
 - V. The proposed drainage system is adequate to mitigate runoff increases and protect water quality.
 - VI. The landscaping adequately screens the adjacent uses, provides street trees, landscape islands in the parking lot and a landscape buffer along the street frontage. Landscape design is based on soil, light and other site specific conditions. Plant species were chosen for their ability to thrive in the post-development soil, water and use conditions of the site without significant supplemental water or fertilizer, once established. Plant species are native to inland Essex County or shall be cultivars of these native species.
 - VII. The soil erosion plan and any plan for protection of steep slopes, both during and after construction are adequate.
 - VIII. Adjacent properties are protected from intrusion of outside lighting by minimizing the lighting, including parking lot and building exterior lighting.
 - IX. The proposed development must not present a demonstrable adverse impact on the surrounding area resulting from excessive noise, dust, smoke, or vibration which are higher than levels now experienced from uses permitted in the surrounding area.
 - X. Buildings and or facilities are built to the specifications of the best practices in the industry. The buildings are located within setbacks, placement of parking landscaping and entrances and exits with surrounding buildings and development.
 - XI. The buildings relate harmoniously to each other in architectural style, the location and building exits and entrances.

- XII. Screening is provided for storage areas, loading docks, dumpsters, rooftop equipment, utility buildings and similar features.
- XIII. Electric, telephone, cable, and other such lines and equipment are underground.
- XIV. The scale, massing and detailing of buildings are compatible with those prevalent in the surrounding area.
- XV. The location and number of curb cuts are minimized to reduce turning movements, and hazardous exits and entrances.
- XVI. Access to adjoining properties is appropriate. Internal circulation and egress provides for traffic safety.
- XVII. The project complies with the criteria, specifications, and performance standards of the most recent version of Massachusetts Storm water Management Standards and accompanying Storm water Management Handbook. The Lake Cochichewick Watershed Area shall be considered a Critical Area in terms of applicability of the standards.
- XVIII. The requirements and criteria outlined in Sections 7.0 through 10.0 of the North Andover Storm water Management and Erosion Control Regulations promulgated under Chapter 160 of the Town Bylaws (Storm water Management and Erosion Control Bylaw).
- XIX. The AMU has an appropriate impact on the surrounding neighborhood in terms of use, architectural consistency, pedestrian movement and overall character; impacts on nearby historic structures or site; and an evaluation of the proposed project's consistency and compatibility with existing local and regional plans.
- XX. The AMU has an appropriate plan for water which is designed in accordance with the best management practices of the industry.
- XXI. The AMU has an appropriate plan for security which is designed in accordance with the best practices of the industry.
- XXII. The AMU has an appropriate plan for the transfer of marijuana which is designed in accordance with the best management practices of the industry.
- XXIII. The AMU has an appropriate plan for waste management which is designed in accordance with the best practices of the industry.
- XXIV. The AMU has an appropriate plan for energy and environmental impact which is designed in accordance with the best management practices of the industry.
- XXV. The AMU has an appropriate plan for odor control/mitigation which is designed in accordance with the best management practices of the industry.
- XXVI. The AMU has an appropriate plan for management of the timing and sequencing of the construction, commencement of operations and Management Plan provides adequate plans, specifications, and sequencing to insure that the project will be completed in compliance with the approved plans and specifications.

8.13.12 A special permit shall only be granted with the concurring vote of four members, of the SPGA. A special permit application that does not include all the materials or information required in this section, or has failed to adhere to the procedures as required by the bylaw as outlined in this section, or is not in compliance with Town General Bylaws, or includes plans that have been drawn incorrectly or in such

form that the SPGA is unable to determine what information is being presented for review, or the applicants have failed to incorporate and adhere to condition(s) for approval granted by a Town Board, Department or Commission, or requirements called for by a state or federal agency, which has proper authority upon which to place conditions on a matter before the SPGA may be grounds for denial by the SPGA.

8.13.13 The SPGA shall render a decision within ninety (90) days of the close of the public hearing and shall file a written decision with the Town Clerk and other appropriate parties in accordance with the provisions of M.G.L. Ch. 40A, sec. 9.

The applicant shall be responsible for recording a copy of the decision at the Registry of Deeds. Prior to the issuance of a building permit, the applicant shall present evidence of such recording to the Building Inspector. No building permit shall issue until a copy of the Applicant's license to operate is issued by the Cannabis Control Commission or Department of Public Health, whichever is applicable has been submitted to the Planning Director.

8.13.14 For the purpose of securing the performance of all proposed work, including landscaping and off-site improvements, and to secure the ability of the town to remedy any public nuisances created by the project, the SPGA may require security submitted in the form of a check made out to the Town of North Andover in an amount determined by the Board to be sufficient to cover the cost of all or any part of the improvements required and/or to remedy any public nuisances created by the project. The check will then be placed in an interest bearing account and will be released upon the completion of the project. The Board, at its discretion, may release partial amounts of the security at certain stages of construction.

8.13.15 The SPGA shall impose conditions reasonably appropriate to improve site design, traffic flow, public safety, protect water quality, air quality, signage and significant environmental resources, preserve the character of the surrounding area, monitor and regulate the impact of the development and growth of the newly licensed industry and protect the inhabitants of the town from any other secondary effects of the use that may develop, and otherwise serve the purpose of this section.

- 1) The hours of operation may be set by the Special Permit Granting Authority, but in no event shall a facility be open to the public. The hours of operation may be limited by the SPGA.
- 2) An AMU shall not be located in buildings that contain any medical doctor offices or the offices of any other professional practitioner authorized to prescribe the use of medical marijuana.
- 3) The emergency response plan shall be filed with and approved by the Fire Department and Police Department.
- 4) No smoking, burning or consumption of any product containing marijuana or marijuana-related products shall be permitted on the premises of an AMU, unless authorized by the state licensing authority or in the performance of research and development activities as required for the operation of its business.
- 5) All aspects of an AMU relative to the acquisition, cultivation, possession, processing, sales, distribution, or administration of marijuana, products containing marijuana, related supplies, or educational materials must take place at a fixed location.
- 6) Ventilation – all facilities shall be ventilated in such a manner that:

- a) No pesticides, insecticides or other chemicals or products used in the cultivation or processing are dispersed into the outside atmosphere; and
 - b) No odor from marijuana or its processing can be detected by a person with an unimpaired and otherwise normal sense of smell at the exterior of the AMU or at any adjoining use or property.
- 7) The permit holder shall file a copy of any Incident Report if such regulatory authority requires such a report with the Zoning Enforcement Officer and the SPGA within 24 hours of creation by the AMU. Such reports may be redacted as necessary to comply with any applicable state or federal laws and regulations.
 - 8) All Special Permit holders for uses under this section shall provide the Police Department, Fire Department, Building Commissioner, Board of Health, and Special Permit Granting Authority with the names, phone numbers, mailing and email addresses of all management staff and key-holders, including a minimum of two (2) operators or managers of the facilities identified as designated contact persons to whom notice should be made if there are operating problems associated with any use under this section. All such contact information shall be updated as needed to keep it current and accurate.
 - 9) The permit holder shall file a copy of any summary cease and desist order, cease and desist order, quarantine order, summary suspension order, order limiting sales, notice of a hearing, or final action issued by the state regulatory authority with the Zoning Enforcement Officer and SPGA within 48 hours of receipt by the Applicant.
 - 10) The special permit shall lapse upon the expiration or termination of the applicant's registration by regulatory authority.
 - 11) The permit holder shall notify the Zoning Enforcement Officer and SPGA in writing within 48 hours of the cessation of operation of the AMU or the expiration or termination of the permit holder's registration with the state regulatory authority.

8.13.16 Annual Reporting: Each AMU permitted under this Bylaw shall, as a condition of its special permit, file an annual report with the Special Permit Granting Authority and the Town Clerk no later than January 31st, providing a copy of all applicable state licenses for the Facility and/or its owners and demonstrate continued compliance with the conditions of the Special Permit.

8.13.17 Prior to any construction being undertaken in the Town of North Andover, any site or development to which this section applies shall comply with the regulations of all sections of the Zoning Bylaw as well as all other applicable Town Bylaws and laws and regulations of the Commonwealth of Massachusetts.

8.13.18 Site Alteration: Violation of the Bylaw

For any site where the use requires a special permit, no building permit, site clearing, filling, grading, material deliveries or construction shall be initiated on any site to which this section applies until a Special Permit is granted and recorded at the Registry of Deeds.

8.13.19 Revisions to Approved Site Plan

- 1) Any revisions to the documents or plans submitted and approved as part of a special permit application shall be submitted to the Town Planner for review. No revisions shall be approved until the Town Planner receives three (3) copies of the revised plan and the revisions placed on the plan fall into the following categories:
 - a) A change of location and layout of any parking area(s), signs, storage or accessory buildings, provided that no Town Bylaws are violated by the change;

- b) The change in the proposed landscaping plan which does not violate any Town Bylaw;
 - c) A change of egress and ingress provided the same is in compliance with Town Bylaws and the requirements of the Commonwealth.
- 2) The revisions cited above may be completed without further review by SPGA, upon approval by the Town Planner. The Town Planner may determine that the revisions as shown do not fall into the categories outlined in this subsection, and that the proposed revisions are in fact substantial and call for materially different site plan than approved by the SPGA in that changes are called for in the type, location and manner of the facilities and site improvements to be constructed and shown in the approved site plan.
 - 3) If the revisions are determined to be substantial and materially different by the Town Planner, the Town Planner shall direct the applicant to resubmit the special permit to the SPGA in accordance with the provisions of this section.

8.13.20 The Special Permit shall be limited to the current applicant and shall lapse if the permit holder ceases operating the AMU.

8.13.21 Prohibition Against Nuisances: No use shall be allowed in the AMU which creates a nuisance to abutters or to the surrounding area, or which creates any hazard, including but not limited to, fire, explosion, fumes, gas, smoke, odors, obnoxious dust, vapors, offensive noise or vibration, flashes, glare, objectionable effluent or electrical interference, which may impair the normal use and peaceful enjoyment of any property, structure or dwelling in the area.

8.13.22 Violation: Any violation of the terms and conditions of a special permit issued pursuant to the Zoning Bylaw or any section of this Zoning Bylaw, after proper notice and demand, if the violation is not abated the Building Inspector or Town shall institute appropriate action or proceedings in the name of the Town of North Andover to prevent, correct restrain or abate any violation and the violator shall be subject to a fine of \$300.00 a day for each day the violation continues.

8.13.23 Severability: The provisions of this Bylaw are severable. If any provision, paragraph, sentence, or clause of this Bylaw or the application thereof to any person, establishment, or circumstances shall be held invalid, such invalidity shall not affect the other provisions or application of this Bylaw.

Or to take any other action relative thereto.

Planning Board

Board of Selectmen Recommendation: To be made at Town Meeting

Planning Board Recommendation: Favorable action

Vote Required: Two-thirds (2/3) Vote

ARTICLE 4 DEFEATED WITHDRAWN BY UNANIMOUS VOTE

Article 5: Amend Zoning Map –Marijuana Overlay District (MOD). To see if the town will vote to amend the Zoning Map for the Town of North Andover to zone the following parcels of land to be included within the Marijuana Overlay District, identified on the 2017 Assessor’s Maps as: Map 77 Parcels 3, 12, 13, 14 & 17 and Map 34 Parcel 17, as more particularly shown as the shaded area depicted on the map entitled “Marijuana Overlay District”, dated December 28, 2017, which map is on file with the Town Clerk,

MOD Sub district A

Map 77 Parcel 13

Northerly 100’ +/- by Holt Road
Easterly 370’ +/- by Lot 4
Southerly 130’ +/- by Parcel 3
Westerly 400’ +/- by Clark Street

Map 77 Parcel 14

Northerly 245’ +/- by Holt Road
Easterly 330’ +/- by Lot 3
Southerly 250” +/- by Parcel 3
Westerly 370’ +/- by Lot 7

Map 77 Parcel 3

Northerly by 410’ +/- by Lots 3, 4, and 7
Easterly 250’ +/- by City of Lawrence Airport Commission
Southerly 465 +/- by City of Lawrence Airport Commission
Westerly 460’ +/- by Clark Street

Map 77 Parcel 12 (3 sided lot)

Northerly 410” +/- by Parcel 17
Easterly 270’ +/- by Clark Street
Southerly 285’ +/- by City of Lawrence Airport Commission

Map 77 Parcel 17

Northerly 120’ +/- by City of Lawrence Airport Commission
Easterly 210” +/- by Clark Street
Southerly 410” +/- by Parcel 12
Westerly 590’ +/- by City of Lawrence Airport Commission

MOD Sub district B

Map 34 Parcel 17

A certain parcel of land situated on the west side of Osgood Street in the Town of North Andover, County of Essex and Commonwealth of Massachusetts, bounded and described as follows:

Beginning at a stone bound drill hole on the westerly side of Osgood Street near the southeasterly most corner of the subject property at land now or formerly of 1600 Osgood Street, LLC; thence

| | |
|-----------------|---|
| S 68° 33' 06" W | A distance of one thousand four hundred eighty one and eighty four hundredths (1481.84) feet to a point; thence |
| N 62° 12' 02" W | A distance of seven hundred fifty eight and ninety eight hundredths (758.98') feet to a point; thence |
| N 43° 50' 05" W | A distance of one hundred seventy and five hundredths (170.05') feet to a point; thence |
| N 01° 29' 50" E | A distance of two hundred seventy three and seventy nine hundredths (273.79') feet to a point; thence |
| N 10° 39' 24" W | A distance of sixty nine and ninety eight hundredths (69.98') feet to a point; thence |
| N 23° 50' 40" W | A distance of one thousand three and eighty hundredths (1003.80') feet to a point; thence |
| N 38° 19' 04" E | A distance of seven hundred forty and ninety hundredths (740.90') feet to a point; thence |
| N 43° 10' 35" E | A distance of one hundred and thirty six hundredths (100.36') feet to a point; thence |
| N 37° 10' 20" E | A distance of one hundred and two hundredths (100.02') feet to a point; thence |
| N 34° 35' 56" E | A distance of one hundred and twenty one hundredths (100.21') feet to a point; thence |
| N 38° 19' 04" E | A distance of three hundred thirty seven and sixteen hundredths (337.16') feet to a point along Parcel A2 depicted on Plan No. 15933; thence |
| S 13° 44' 46" E | A distance of one hundred forty four and sixty four hundredths (144.64') feet to a point along Parcel A2 depicted on Plan No. 15933; thence |
| N 76° 15' 22" E | A distance of sixty six and six hundredths (66.06') feet to a point along Parcel A2 depicted on Plan No. 15933; thence |
| N 47° 22' 18" E | A distance of eighteen and fifty four hundredths (18.54') feet to a point along Parcel A2 depicted on Plan No. 15933; thence |
| N 76° 24' 27" E | A distance of three hundred three and no hundredths (303.00') feet to a point along Parcel A2 depicted on Plan No. 15933; thence |
| S 13° 44' 46" E | A distance of two hundred eighty and forty hundredths (280.40') feet to a point along Parcel A1 depicted on Plan No. 15933; thence |
| N 76° 15' 14" E | A distance of nine hundred fifty five and no hundredths (955.00') feet to a point along Parcel A1 depicted on Plan No. 15933; thence |
| S 3° 10' 57" E | A distance of forty four and sixty nine hundredths (44.69') feet to a point along the sideline of Osgood Street; thence |
| Southerly | To a non-tangent point of curvature with a length of five hundred fifty six and fifteen hundredths (556.15') feet and a radius of three thousand one hundred twelve and fifty |

seven hundredths (3112.57') feet to a point; a chord bearing of S 8° 18' 05" E and chord length of five hundred fifty five and forty one hundredths (555.41') feet along the sideline of Osgood Street; thence

S 13° 25' 11" E A distance of six hundred forty four and twenty two hundredths (644.22') feet to a point along the sideline of Osgood Street; thence

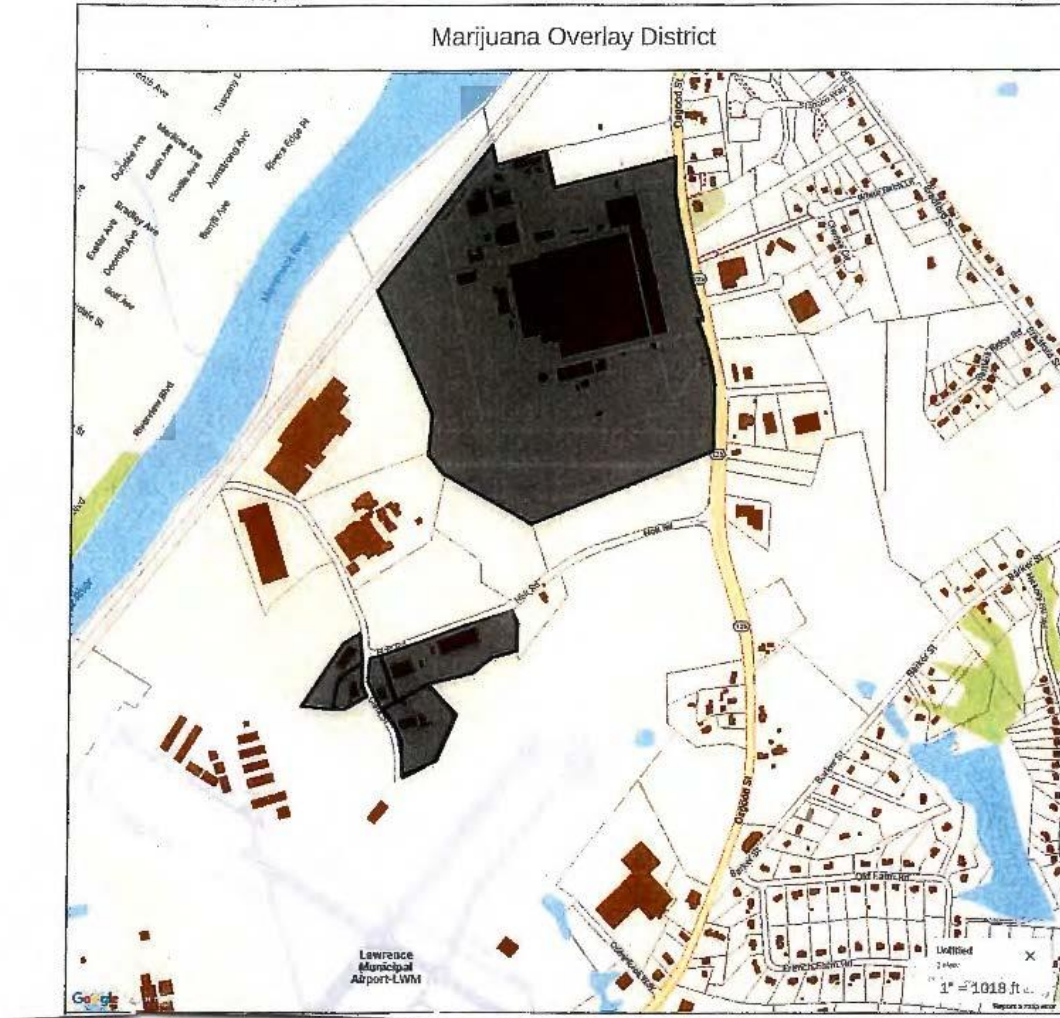
S 76° 23' 08" W A distance of fifteen and ten hundredths (15.10') feet to a point along the sideline of Osgood Street; thence

S 13° 36' 52" E A distance of four hundred fifty seven and eighty one hundredths (457.81') feet to a point along the sideline of Osgood Street; thence

Southerly To a non-tangent point of curvature with a length of one hundred seventy five and eighty one hundredths (175.81') feet and a radius of one thousand five hundred and no hundredths (1500.00') feet to a point; a chord bearing of S 2° 08' 50" E and chord length of one hundred seventy five and seventy one hundredths (175.71') feet along the sideline of Osgood Street; thence

S 1° 12' 38" W A distance of three hundred forty five and twenty four hundredths (345.24') feet to the point of beginning

Said parcel contains an area of 5,181,223 more or less square feet, or 118.94 more or less acres



Or to take any other action relative thereto.

Planning Board

Board of Selectmen Recommendation: To be made at Town Meeting
 Planning Board Recommendation: Favorable action

Vote Required: Two-thirds (2/3) Vote

ARTICLE 5 DEFEATED WITHDRAWN BY UNANIMOUS VOTE

Article 6: Citizen Petition- Authorization of the Town Manager and Board of Selectmen to negotiate and execute a Host Community Agreement with Valley Green Grow, Inc. (doing business as Massachusetts Innovation Works), and/or its affiliated entities, as the operator of a Registered Marijuana Dispensary and any other Allowed Marijuana Use (the "Operator") at the property located at Map 34, Parcel 17, commonly referred to as 1600 Osgood Street, North Andover (the "Property"). To see if the Town will vote to authorize the Town Manager and Board of Selectmen to negotiate and execute a Host Community Agreement with the Operator upon such terms as the Town Manager and Board of Selectmen shall deem to be in the best interests of the Town which shall include, but not be limited to: (i) a payment by the Operator of

annual fees of approximately \$3,500,000 covering items such as personal property taxes, host community fees, and other community related expenses all in consideration of 1,100,000 square foot of permitted and constructed cultivation space, (ii) formation of a community and/or special revenue fund to administer grants to North Andover organizations to be funded by the Operator with an initial grant of \$250,000 and continuing annually with 1% of gross cannabis related revenue up to \$1,000,000 per annum in contributions, (iii) a term of ten (10) years, and (iv) to take such other actions as may be necessary to implement and administer such agreement, or take any other action relative thereto.

Jeff Goldstein et al

Board of Selectmen Recommendation: Take no action

Explanation: The Board of Selectmen recommendation to take no action on this article is based on the fact that the Town Manager and Board of Selectmen already have the authority to negotiate and execute a Host Community Agreement and any action on this article would be of no consequence. It is the intent of the Town Manager and Board of Selectmen to negotiate an agreement that is in the best interest of the Town. This is not a recommendation against having a Host Community Agreement.

Vote Required: Majority vote

ARTICLE 6 DEFEATED WITHDRAWN BY UNANIMMOUS VOTE

The Special Town Meeting Dissolved by Unanimous Vote at 9:40 PM on January 30, 2018

Respectfully submitted,

Joyce A. Bradshaw, CMMC, Town Clerk

May 15, 2018 Annual Town Meeting Minutes

Town Moderator Mark S. DiSalvo called the 2018 Annual Town Meeting to order at 7:04 PM in the Auditorium of the North Andover High School 430 Osgood Street on Tuesday May 15, 2018.

At this year's Annual Town Meeting in North Andover, Moderator Mark DiSalvo paid tribute to William Symmes Jr., son of the famous Rev. William Symmes, who was elected to represent Andover at that historic moment in time, as this year marks the 320th anniversary of the U.S. Constitution's ratification. Symmes had gone to the convention to oppose the new government, but left supporting it, causing a ripple effect that helped bring the U.S. Constitution to reality.

Moderator DiSalvo introduced Board and Committee members and participating Town Officials. He summarized the Simplified Rules of Parliamentary Procedure which are printed in their entirety in the Report of the Finance Committee. There is no quorum requirement for any Annual or Special Town Meeting as established by Article 14 of the 1999 Annual Town Meeting and approved by the Attorney General on July 27, 1999. Moderator DiSalvo explained the voting procedure using raised cards for voting and the implementation of the bylaw allowing votes to be declared by the Moderator for issues requiring a two-thirds vote at each session. Check lists showed a total of 387 voters present.

Registrars Carrie M. Crouch, Linda McHugh, and Alexandra Mezzina coordinated check in.

A motion was made by Phil DeCologero, 75 Meadow Lane Chairman of the Board of Selectmen, seconded by Rosemary Connelly Smedile 65 Greene Street, to dispense with the reading of the warrant, and with the reading of the constable's return of service of that warrant and further moved that the Moderator not be required to read articles of the warrant verbatim, but to be allowed to refer to articles by number and by subject matter; and further that amendments need not be read but are to be voted upon as displayed or otherwise provided, in print, to the voters in attendance. Motion unanimously approved.

Article 1: Reports of Special Committees. **Unanimous vote** to hear the reports of any appointed special committees. No reports given.

Board of Selectmen

Board of Selectmen Recommendation: Favorable Action

Article 2: Reports of Receipts and Expenditures. **Unanimous vote** to accept the reports of receipts and expenditures as presented by the Selectmen in the 2017 Annual Town Report.

Board of Selectmen

Board of Selectmen Recommendation: Favorable Action

Article 3: Authorization of the Town Manager or Superintendent of Schools Regarding Contracts in Excess of Three Years.

Unanimous vote in accordance with the provisions of Massachusetts General Laws Chapter 30B, §12(b), to authorize the Town Manager or the Superintendent of Schools to solicit and award contracts, except personnel contracts, for terms exceeding three years, including any renewal, extension or option, provided in each instance the longer term is determined to be in the best interest of the Town by vote of at least four (4) members of the Board of Selectmen or the School Committee, as appropriate.

Board of Selectmen

Board of Selectmen Recommendation: Favorable Action

Finance Committee Recommendation: Favorable Action

Article 4: Authorization to Accept Grants of Easements. **Unanimous vote** to authorize the Board of Selectmen and the School Committee to accept grants of easements for access, water, drainage, sewer, roadway and utility purposes or any public purpose on terms and conditions the Board and Committee deem in the best interest of the Town.

Board of Selectmen

Board of Selectmen Recommendation: Favorable Action

Planning Board Recommendation: Favorable Action

Article 5: Authorization to Grant Easements. **Unanimous vote** to authorize the Board of Selectmen and the School Committee to grant easements for access, water, drainage, sewer, roadway and utility purposes or any public purpose on terms and conditions the Board and Committee deem in the best interest of the Town.

Board of Selectmen

Board of Selectmen Recommendation: Favorable Action

Planning Board Recommendation: Favorable Action

Article 6: Amend General Bylaws-Chapter 44 Public Meetings, Section 1 Televising of Board Meetings. To see if the Town will vote to amend Section 44-1 of the General Bylaws as follows:

§ 44-1 Televising of Board Meetings

All meetings of the Planning Board, Zoning Board of Appeals, Board of Health, Conservation Commission, Community Preservation Committee, Board of Selectmen, School Committee and Finance Committee shall be broadcast live over the local cable television network unless emergency or operational or technical conditions suspend the requirements hereof, as determined by the Town Manager or the Manager's designee. All such meetings shall occur in the Town Hall second floor meeting room, the school administration building meeting room, or other locations as determined by the Town Manager or the Town Manager's designee. Notice of all such meetings shall be posted in accordance with the requirements of the Open Meeting Law, Massachusetts General Law, Chapter 30A, Sections 18-25 and shall contain the date, time and place of such

meeting and a listing of topics that the chair reasonable anticipates will be discussed at the meeting, including application names. If there is a scheduling conflict with the use of the a meeting room, the Town Manager or the Manager's designee, shall have the discretion to determine which Board shall have use of the room. Nothing contained in this bylaw shall be so construed as to conflict with the requirements of the Open Meeting Law, M.G.L. c.30A, Sections 18-25. A violation of this bylaw or a failure to comply with this bylaw shall not be grounds for challenging or invalidating any actions taken at any meeting of the Planning Board, Zoning Board of Appeals, Board of Health, Conservation Commission, Community Preservation Committee, Board of Selectmen, School Committee or Finance Committee.

Board of Selectmen

Board of Selectmen Recommendation: Favorable

APPROVED BY ATTORNEY GENERAL SEPTEMBER 10, 2018

Article 7: Adoption of General Bylaws - Recodification. Unanimous vote to accept and approve the renumbering and revision of the various bylaws of the Town as set forth in the Final Draft of the Code of the Town of North Andover, dated March 2018 and said Code being a recodification and revision of the present bylaws of the Town. All bylaws of a general and permanent nature, as amended, heretofore in force and not included in the Code shall be repealed, except that such repeal shall not affect any suit or proceeding pending as the result of an existing law, and such repeal shall not apply to or affect any bylaw, order or article heretofore adopted accepting or adopting the provisions of any statute of the Commonwealth. These bylaws shall be referred to as the "Code of the Town of North Andover, Massachusetts."

Town Manager

Board of Selectmen Recommendation: Favorable Action

APPROVED BY ATTORNEY GENERAL DECEMBER 5, 2018

Article 25 taken out of order.

Article 25: Adoption of Zoning Bylaws - Recodification. Unanimous vote to accept and approve the renumbering and revision of the Zoning Bylaw of the Town from its original numbering, as amended through the May 16, 2017, Annual Town Meeting as set forth in the Final Draft of the Code of the Town of North Andover, dated March 2018, said codification of the Zoning Bylaw being a codification and revision of the present Zoning Bylaw, including amendments thereto. All Zoning Bylaws, as amended, heretofore in force, shall be repealed, except that such repeal shall not affect any suit or proceeding pending as the result of an existing law. The Zoning Bylaw shall be codified as Chapter 195 of the "Code of the Town of North Andover, Massachusetts."

Town Manager

Board of Selectmen Recommendation: Favorable Action

APPROVED BY ATTORNEY GENERAL DECEMBER 5, 2018

Article 23: Amend the Town of North Andover Zoning Bylaw Section 7.4 – Building Heights. Two-third Vote Declared by the Moderator to amend the Town’s Zoning Bylaw by amending the eligibility criteria for a waiver of the maximum height for residential multifamily dwellings and town houses in the Business 2 (B-2) zoning district. Added text is underlined and deleted text is shown as stricken:

7.4 Building Heights

Maximum heights of buildings and structures shall be as set forth in Table 2. The foregoing limitations of height in feet in the designated zoning districts shall not apply to:

1. Farm buildings on farms of not less than ten (10) acres.
2. Nor shall they apply to chimneys, ventilators, skylights, tanks, bulkheads, penthouses, processing towers, and other accessory structural features usually erected at a height greater than the main roofs of any buildings.
3. Nor to domes, bell towers, or spires of churches or other buildings, provided all features are in no way used for living purposes.
4. And further provided that no such structural feature of any non-manufacturing building shall exceed a height of sixty five (65) feet from the ground.
5. Nor of a manufacturing building a height of eighty five (85) feet from the ground, or pharmaceutical manufacturing silo having a height of one hundred-fifteen (115) feet from the ground.
6. A parcel or parcels collectively comprising at least ~~five (5)~~ **three (3)** acres of land located within a Business 2 (B-2) Zoning District **are** eligible for a waiver of the maximum height, for residential multifamily dwellings and town houses described under Table 2; provided that such height waiver shall not permit a structure to exceed more than four stories and 55 feet in height, and further provided that such waiver is granted by the Planning Board, as Special Permit Granting Authority, after the Planning Board has made a determination based upon consideration of the special permit criteria described under Section 10.31 of the Zoning Bylaw.

Planning Board

Board of Selectmen Recommendation: Favorable Action

Planning Board Recommendation: Favorable Action

Article 24: Amend the Town of North Andover Zoning Map – Amend Business 2 Zoning District (B-2). Two-third Vote Declared by the Moderator to amend the Town’s Zoning Map to re-zone the following Parcels of land to be included within the Business 2 (B-2) Zoning District identified on the 2018 Assessor’s Maps as: Map 74 Parcel 23, Map 74 Parcel 54, and 74 Parcel 24, as more particularly shown on the map dated March 27, 2018 and prepared by The Morin-Cameron Group, Inc., which map is on file with the Town Clerk, and are more particularly described as follows:

Map 74 Parcels 23 and 54

Northerly 400’ +/- by Sutton Street

Easterly 437.01' +/- by land now or formerly of China Blossom Realty Trust
Southerly 400' +/- by land now or formerly of City of Lawrence Airport
Commission Westerly 437.01' +/- by land now or formerly of City of
Lawrence Airport Commission

Map 74 Parcel 24

Northerly 125' by Sutton Street

Easterly 200' by land now or formerly of K of C Association, Incorporated

Southerly 117.08' by land now or formerly of Quinn

Westerly 219.08' by land now or formerly of Couyioufas

Planning Board

Board of Selectmen Recommendation: Favorable Action

Planning Board Recommendation: Favorable Action

APPROVED BY ATTORNEY GENERAL SEPTEMBER 10, 2018

Article 9: Transfer of Land for Recreation Complex. Two-third vote Declared by the **Moderator** to transfer the care, custody, control, and management of the "Recreation Parcel" lot containing 16.8 acres, more or less, located on Chickering Road shown on the plan entitled "Schools and Recreation Complex Parcel Configuration", dated March 27, 2018 and prepared by Christiansen and Sergi, from the School Committee for school purposes to the Board of Selectmen for general municipal purposes.

Board of Selectmen

Board of Selectmen Recommendation: Favorable Action

School Committee Recommendation: Favorable Action

Article 10 voted after Article 11.

Article 11: Appropriation – Recreation Complex. Majority vote to appropriate \$1,500,000 as follows: from Free Cash \$833,505; from General Fund Bond Premiums \$363,454; and from the Sale of Property Fund \$303,041, to make improvements to the recreation space and parking lots alongside Chickering Road between the North Andover Middle School and the Early Child Center and currently the location Hayes Stadium and other fields.

Town Manager

Board of Selectmen Recommendation: Favorable Action

Finance Committee Recommendation: Favorable Action

School Committee Recommendation: Favorable Action

Article 10: Appropriation – Capital Improvement Plan for Fiscal Year 2019. Unanimous vote to fund the Capital Improvement Program as listed under the heading “Board of Selectmen/Finance Committee/Town Manager Recommendations” and with the language included:

| FY19 CIP Recommendations | | | | | | | | | | | |
|------------------------------------|---|---|---------------------|---|-----------------------|-------------------------------------|---------------------|---|--|--|--|
| | | <u>Board of Selectmen Finance Committee</u> | | <u>Other Funding Sources (Grants, Chapter 90, CPA & Spec Rev)</u> | | <u>Raise & Appropriated</u> | | <u>Retained Earnings/ Free Cash/CIP Stabilization</u> | | <u>Authorized to Borrow under Chapter 44</u> | |
| <u>Line #</u> | <u>Project Description</u> | <u>Town Manager Recommendations</u> | | <u>Chapter 90, CPA & Spec Rev)</u> | | | | <u>Excess bond Proceeds</u> | | | |
| 1 | Facilities Master Plan Implementation 2019 | \$ 5,964,500 | \$ - | \$ - | \$ (1,000,000) | \$ - | \$ 4,964,500 | | | | |
| 2 | Pedestrian/Vehicle Access Improvements | \$ 750,000 | \$ - | \$ - | \$ - | \$ - | \$ 750,000 | | | | |
| 3 | Playground Improvements (townwide) | \$ 50,000 | \$ - | \$ - | \$ - | \$ - | \$ 50,000 | | | | |
| 4 | Municipal IT (FY19-FY23) | \$ 50,000 | \$ - | \$ - | \$ - | \$ - | \$ 50,000 | | | | |
| 5 | New Motorola Officer Assigned Portable Radios | \$ 247,307 | \$ - | \$ - | \$ - | \$ - | \$ 247,307 | | | | |
| 6 | Roadway Improvements (FY19-FY23) | \$ 1,230,000 | \$ (820,000) | \$ - | \$ - | \$ - | \$ 410,000 | | | | |
| 7 | Sidewalks (FY19-FY23) | \$ 75,000 | \$ - | \$ - | \$ - | \$ - | \$ 75,000 | | | | |
| 8 | 6 Wheel Dump Truck | \$ 185,000 | \$ - | \$ - | \$ - | \$ - | \$ 185,000 | | | | |
| 9 | Backhoe | \$ 110,000 | \$ - | \$ - | \$ - | \$ - | \$ 110,000 | | | | |
| 10 | Building Maintenance (FY19-FY23) | \$ 225,000 | \$ - | \$ - | \$ - | \$ - | \$ 225,000 | | | | |
| 11 | School IT (FY19-FY23) | \$ 100,000 | \$ - | \$ - | \$ - | \$ - | \$ 100,000 | | | | |
| General Fund Total | | \$ 8,986,807 | \$ (820,000) | \$ - | \$ (1,000,000) | \$ - | \$ 7,166,807 | | | | |
| 12 | Chemical Storage Tank & Feed System Improv. | \$ 370,000 | \$ - | \$ - | \$ (370,000) | \$ - | \$ - | | | | |
| 13 | Water Main Replacement | \$ 400,000 | \$ - | \$ - | \$ (400,000) | \$ - | \$ - | | | | |
| 14 | Water Distribution Truck | \$ 105,000 | \$ - | \$ - | \$ (105,000) | \$ - | \$ - | | | | |
| Water Enterprise Fund Total | | \$ 875,000 | \$ - | \$ - | \$ (875,000) | \$ - | \$ - | | | | |
| 15 | Improvements to various Pump Stations | \$ 100,000 | \$ - | \$ - | \$ (100,000) | \$ - | \$ - | | | | |
| Sewer Enterprise Fund Total | | \$ 100,000 | \$ - | \$ - | \$ (100,000) | \$ - | \$ - | | | | |
| 16 | Main House Improvements | \$ 45,000 | \$ - | \$ - | \$ (45,000) | \$ - | \$ - | | | | |
| 17 | Main House Boiler & Plumbing Improvements | \$ 75,000 | \$ - | \$ - | \$ (75,000) | \$ - | \$ - | | | | |
| Stevens Estate Fund Total | | \$ 120,000 | \$ - | \$ - | \$ (120,000) | \$ - | \$ - | | | | |
| Total All Funds | | \$ 10,081,807 | \$ (820,000) | \$ - | \$ (2,095,000) | \$ - | \$ 7,166,807 | | | | |

that to meet this appropriation:

(1) The Treasurer with the approval of the Board of Selectmen is authorized to borrow, \$7,166,807 for the appropriations, or portions thereof under items 1 thru 11 under chapter 44 of the Massachusetts General Law or any other enabling authority and that any premium received by the Town upon the sale of any bonds or notes approved by this vote, less any such premium applied to the payment of the costs of issuance of such bonds or notes, may be applied to the payment of costs approved by this vote in accordance with Chapter 44, Section 20 of the General Laws, thereby reducing the amount authorized to be borrowed to pay such costs by a like amount;

(2) The appropriation for item 1, above shall be funded in part with Free Cash in the amount of \$1,000,000;

(3) The appropriation for items 12, 13 & 14 above shall be funded with Water Enterprise fund retained earnings in the amount of \$875,000;

(4) The appropriation for item 15 above shall be funded with Sewer Enterprise fund retained earnings in the amount of \$100,000;

(5) The appropriation for items 16 and 17 above shall be funded with Stevens Estate Enterprise fund retained earnings in the amount of \$120,000;

Town Manager

Board of Selectmen Recommendation: Favorable Action

Finance Committee Recommendation: Favorable Action

Planning Board Recommendation: Favorable Action

Article 12: Report of the Community Preservation Committee – Appropriation from Community Preservation Fund. Unanimous vote to receive the report of the Community Preservation Committee and to raise, transfer and/or appropriate from the Community Preservation Fund in accordance with the provisions of Massachusetts General Laws, Chapter 44B, a sum of money to be spent under the direction of the Community Preservation Committee as shown in the List of Approved Projects in Article 12.

List of Approved Projects – Community Preservation Fund

| <u>Description</u> | <u>Amount</u> | <u>Category</u> |
|---|--------------------|-----------------------------------|
| North Andover Housing Authority Emergency Generators | \$ 80,600 | Affordable Housing |
| North Andover Housing Authority Capital Needs Assessment | \$ 75,000 | Affordable Housing |
| North Andover Housing Authority Bingham Way parking lot paving | \$ 79,000 | Affordable Housing |
| Affordable Housing Trust | \$ 100,000 | Affordable Housing |
| Playground Renovation Program Atkinson School and Carl Thomas | \$ 200,000 | Open Space/Recreation |
| Weir Hill Parking Lot | \$ 32,250 | Open Space/Recreation |
| Recreation Complex | \$6,000,000 | Open Space/Recreation |
| Historical Preservation Reserve | \$ 199,500 | Historical Preservation |
| Administrative Costs | \$ 50,000 | Administrative/Operating Expenses |
| Total for Requested Projects | \$6,816,350 | |

Community Preservation Committee

Board of Selectmen Recommendation: Favorable Action

Finance Committee Recommendation: Favorable Action

Planning Board Recommendation: Favorable Action

Article 13: Set Salaries and Compensation of Elected Officials. Majority vote to fix the salary and compensation of the elected officers of the Town, as provided by Massachusetts General Laws Chapter 41, §108 as follows:

Board of Selectmen/Licensing Commissioners, per person, per annum \$5,000
 Chairman of Board of Selectmen, per annum, in addition \$500
 School Committee, per person, per annum \$5,000
 Chairman, School Committee, per annum, in addition \$500
 Moderator, For Annual Town Meeting \$500
 For each Special Town Meeting \$250

Board of Selectmen

Board of Selectmen Recommendation: Favorable Action

Finance Committee Recommendation: Favorable Action

Article 14: Revolving Fund Spending Limits. Unanimous vote to authorize the following expenditure limits for revolving funds for certain Town departments under Massachusetts General Laws, Chapter 44, §53E½ for the fiscal year beginning July 1, 2018:

| Revolving Account | FY 2019 Expenditure Limit |
|---|--------------------------------------|
| Wheelabrator Planning | \$ 35,000 |
| Wheelabrator Public Safety | \$ 30,000 |
| Health Dept. - Food Inspections | \$ 35,000 |
| Health Dept. - Septic Inspections | \$ 25,000 |
| Field Maintenance | \$ 5,000 |
| Health Dept. Revolving | \$ 30,000 |
| Youth and Recreation Services Revolving | \$ 350,000 |
| Elder Services - COA Revolving | \$ 25,000 |
| Fire Department | \$ 20,000 |
| School Curriculum | \$ 400,000 |
| Storm water Bylaw | \$ 50,000 |

Board of Selectmen

Board of Selectmen Recommendation: Favorable Action

Finance Committee Recommendation: Favorable Action

Article 15: Appropriation – General Fund for Fiscal Year 2019. Unanimous vote to raise and appropriate, transfer from available funds or otherwise provide a sum or sums of money for the purpose of funding the General Fund for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019 as follows:

| | |
|------------------------------------|----------------------|
| General Government | \$ 2,639,209 |
| Public Safety | \$ 11,085,892 |
| Education | \$ 48,751,971 |
| Snow and Ice Removal | \$ 966,200 |
| All Other Public Works | \$ 3,809,527 |
| Health & Human Services | \$ 1,301,596 |
| Culture & Recreation | \$ 1,084,521 |
| Support Services | \$ 1,863,580 |
| Debt Service | \$ 5,358,407 |
| Employee Benefits | \$ 18,123,823 |
| Liability Insurance | \$ 420,000 |
| Regional Schools | \$ 693,644 |
| Other (OPEB Trust) | \$ 75,000 |

for a total appropriation of \$96,173,369 and to transfer to the General Fund from Special Revenue – GLSD \$150,394.00.

Article 16: Appropriation – Water Enterprise Fund for Fiscal Year 2019. Unanimous vote to appropriate the amount of \$5,485,124 in aggregate, for the purpose listed under column "FY19 Recommendation: Town Manager, Board of Selectmen, Finance Committee" for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019; without regards to individual line items, and to operate the Water Enterprise Fund, that \$5,485,124 be raised from Water receipts and from these receipts \$994,215 be transferred to the General Fund for indirect cost and

\$875,000 to Capital Projects.

| WATER ENTERPRISE | | | |
|--------------------------------------|------------------|-------------------|---------------------------|
| | | FY19 | FY19 |
| | | Department | Recommendation |
| | FY18 | Request | Town Manager |
| | Budget | | Board of Selectmen |
| | | | Finance Committee |
| Personnel | 963,705 | 1,011,702 | 1,011,702 |
| Expense | 1,585,876 | 1,605,457 | 1,605,457 |
| Debt Service | 999,561 | 998,750 | 998,750 |
| Sub-Total Direct Expenditures | 3,549,142 | 3,615,909 | 3,615,909 |
| Transfer to Capital Projects | 1,212,500 | 875,000 | 875,000 |
| Admin/Indirect | 969,966 | 994,215 | 994,215 |
| Total Water Enterprise | 5,731,607 | 5,485,124 | 5,485,124 |

Board of Selectmen

Board of Selectmen Recommendation: Favorable Action

Finance Committee Recommendation: Favorable Action

Article 17: Appropriation – Sewer Enterprise Fund for Fiscal Year 2019. Unanimous vote to appropriate the amount of \$4,741,484 in aggregate, for the purpose listed under the column “FY19 Recommendation: Town Manager, Board of Selectmen, Finance Committee” for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019; without regards to individual line items, and to operate the Sewer Enterprise Fund, that \$4,741,484 be raised from sewer receipts and from these receipts \$467,866 be transferred to the General Fund for indirect expenses and \$100,000 to Capital Projects.

| SEWER ENTERPRISE | | | |
|--------------------------------------|------------------|-------------------|---------------------------|
| | | FY19 | FY19 |
| | | Department | Recommendation |
| | FY18 | Request | Town Manager |
| | Budget | | Board of Selectmen |
| | | | Finance Committee |
| Personnel | 390,315 | 384,128 | 384,128 |
| Expense | 309,420 | 322,862 | 310,895 |
| GLSD Assessment | 2,100,000 | 2,398,522 | 2,398,522 |
| Debt Service | 1,304,042 | 1,070,074 | 1,080,073 |
| Sub-Total Direct Expenditures | 4,103,777 | 4,175,586 | 4,173,618 |
| Transfer to Capital Project | 100,000 | 100,000 | 100,000 |
| Admin/Indirect | 456,454 | 467,866 | 467,866 |
| Total Sewer Enterprise | 4,660,231 | 4,743,451 | 4,741,484 |

Board of Selectmen

Board of Selectmen Recommendation: Favorable Action

Finance Committee Recommendation: Favorable Action

Article 18: Appropriation – Stevens Estate Enterprise Fund for Fiscal Year 2019. **Unanimous vote** to appropriate the amount of \$546,772 in aggregate, for the purpose listed under the column "FY19 Recommendation: Town Manager, Board of Selectmen, Finance Committee" for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019; without regards to individual line items, and to operate the Stevens Estate at Osgood Hill Enterprise Fund that \$546,772 be raised from Stevens Estate at Osgood Hill Fund and from these receipts \$79,303 be transferred to the General Fund for indirect expenses and \$120,000 be transferred from Retained Earnings to Capital Projects.

| STEVENS ESTATE AT OSGOOD HILL ENTERPRISE | | <u>FY19 Recommendation</u> | |
|---|------------------------|--|--|
| | FY18 Budget | FY19 Department Request | Town Manager Board of Selectmen Finance Committee |
| Personnel | 151,442 | 172,378 | 172,378 |
| Expense | 182,950 | 185,590 | 175,090 |
| Debt Service | 0 | 0 | 0 |
| Sub-Total Direct Expenditures | 334,392 | 357,968 | 347,468 |
| Transfer to Capital Project | 110,000 | 120,000 | 120,000 |
| Admin/Indirect | 77,369 | 79,303 | 79,303 |
| Total Stevens Estate Enterprise | 521,761 | 557,272 | 546,772 |

Board of Selectmen

Board of Selectmen Recommendation: Favorable Action

Finance Committee Recommendation: Favorable Action

Article 19: Transfer to Stabilization. **Unanimous vote** to transfer \$77,656 from available funds or Free Cash into the Stabilization Fund.

Town Manager

Board of Selectmen Recommendation: Favorable Action

Finance Committee Recommendation: Favorable Action

Article 20: Transfer of funds from the Health Insurance Trust Fund to Other Post-Employment Benefits (OPEB) Liability Trust Fund. **Unanimous vote** to transfer a sum of \$250,000.00 from the Health Insurance Trust Fund into the Other Post-Employment Benefits (OPEB) Liability Trust Fund.

Town Manager

Board of Selectmen Recommendation: Favorable Action

Finance Committee Recommendation: Favorable Action

Article 21: Transfer of funds from Other Post-Employment Benefits (OPEB) Stabilization Fund to Other Post- Employment Benefits (OPEB) Liability Trust Fund. Unanimous vote to transfer a sum not to exceed \$535,000 from the Other Post-Employment Benefits (OPEB) Stabilization Fund into the Other Post-Employment Benefits (OPEB) Liability Trust Fund.

Town Manager

Board of Selectmen Recommendation: Favorable Action

Finance Committee Recommendation: Favorable Action

Article 22: Citizen Petition- Traffic Calming Measures. Traffic calming measures as defined by more than 30 years of Traffic Safety research and both Federal and MA highway engineering manuals decrease traffic crash number and severity for crashes that result in injury and death. Removing traffic calming measures poses the risk of increased traffic crash number and severity for crashes that result in injury and death. The MassDot Highway Reconstruction – Minor Widening Project 606159 at Massachusetts and Chickering removes three existing traffic calming measures. Project 606159 impacts the school crossing for North Andover Early Childhood Center, Atkinson Elementary School, North Andover Middle School, First Calvary Baptist Church Little Learners Daycare, and the future Kindergarten and athletic fields on the North West side of the intersection. Project 606159 impacts the intersection that also serves the North Andover Youth Services, Drummond Playground on the South Eastern side of the intersection.

This article requests comparable traffic calming measures be added to the Massachusetts Ave-Adams Street school crossing zone for everyone removed in the MassDot Highway Reconstruction – Minor Widening Project 606159, as promised at the December 19th, 2017 Special Meeting.

These should include:

Extend the current Massachusetts/Adams school zone to the Massachusetts Ave-Chickering intersection.

Selectmen approve a raised and marked school and pedestrian crosswalk install by MassDot under Project 606159.

Install a stop sign or stoplight on Massachusetts at Adams, near the school crosswalk.

Petition of Dr. Karen Lauro, et al

Article 22 Defeated by Clear Majority Vote – May 15, 2018

Article 23 voted after Article 8.

Article 24 voted after Article 8.

Article 25 voted before Article 8.

Article 26: Acceptance of Public Way- Great Lake Lane. **Majority vote** to accept Great Lake Lane as a public way as laid out by the Board of Selectmen, and as shown as "Great Lake Lane" on a plan entitled "Street Layout Plan of Great Lake Lane, located in North Andover, Mass.", prepared by Christiansen and Sergi, Inc., and to accept deeds to all related parcels and easements, shown on Plans recorded as Plan No. 17212 at the North Essex Registry of Deeds and on the above referenced Street Layout Plan.

Planning Board

Board of Selectmen Recommendation: Favorable Action

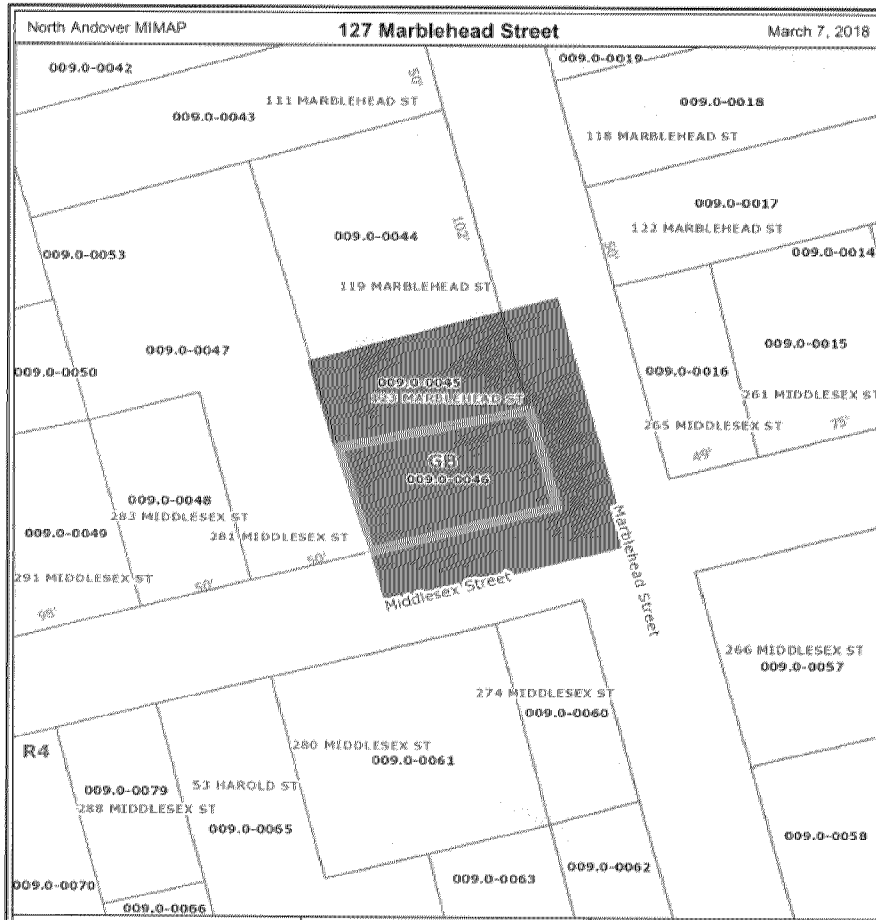
Planning Board Recommendation: Favorable Action

Article 27: Amend Zoning Map – Map 009.0-0046-0000.0 (127 Marblehead Street). **Unanimous vote** to amend the Zoning Map for the Town of North Andover to zone the parcel of land known as Map 009.0 Parcel 0046 on the 2018 Assessor's Maps to be included within the Residential 4 (R4) Zoning District, as more particularly shown as the highlighted area depicted on the map entitled "127 Marblehead Street", dated March 7, 2018, which map is on file with the

Planning Board

Board of Selectmen Recommendation: Favorable Action

Planning Board Recommendation: Favorable Action



APPROVED BY ATTORNEY GENERAL SEPTEMBER 10, 2018

Article 28: Amend Zoning Bylaw Section 8.9 – Wireless Service Facilities. Two third vote Declared by the Moderator to amend the Town of North Andover Zoning Bylaw, by amending the following Sections as follows:

Amend Zoning Bylaw, Section 8.9.5 (Application Procedures), Subsection (d)(i), by inserting after sub-paragraph (4), a new sub-paragraph (5) (by identifying text which is added as underlined). So that Section 8.9.5(d)(i) (General Filing Requirements) shall now read as follows:

d) Application Filing Requirements. The following shall be included with an application for a Special Permit for all wireless service facilities:

i) General Filing Requirements

(1) Name, address and telephone number of applicant and any co-applicants as well as any agents for the applicant or co-applicants. A 24-hour emergency telephone contact number shall be included for use during construction as well as operation of the wireless communication facility.

- (2) Co-applicants may include the landowner of the subject property, licensed carriers and tenants for the wireless service facility
- (3) Every application for a wireless service facility Special Permit shall include at least one licensed carrier and the owner of the land as an applicant or a co-applicant.
- (4) Original signatures are required for the applicant and all co-applicants applying for the Special Permit. If an agent represents the applicant or co-applicant, an original signature authorizing the agent to represent the applicant and/or co-applicant is required. Photo reproductions of signatures will not be accepted. All other filing requirements in the Zoning Bylaw and the Rules and Regulations as applicable must be complied with.
- (5) Parties in interest for the purposes of Section 8. 9 Wireless Service Facilities shall include in addition to those entities listed in General Law c. 40A, sec. 11 abutters to the abutters within five hundred (500) feet of the property line of the petitioner as they appear on the most recent applicable tax list. The assessor's maintaining any applicable tax list shall certify to the special permit granting authority the names and addresses of the abutters and such certification shall be conclusive for all purposes.

And further that the non-substantive changes to the numbering of this bylaw by the Town Clerk be permitted in order that it be in compliance with the numbering format of the General Bylaws and/or Zoning Bylaws of the Town of North Andover.

Planning Board

Board of Selectmen Recommendation: Favorable Action

Planning Board Recommendation: Favorable Action

APPROVED BY ATTORNEY GENERAL DECEMBER 5, 2018

The 2018 Annual Town Meeting Dissolved by motion of Chairman of the Board of Selectman Phil DeCologero at 9:50PM with all articles voted.

Respectfully submitted,

Joyce A. Bradshaw, CMMC, Town Clerk



Town of North Andover Massachusetts

Comprehensive Annual Financial Report
For the Year Ended June 30, 2018

Board of Selectmen

Town Manager



TOWN OF NORTH ANDOVER, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended
June 30, 2018



Prepared by:

Lyne M. Savage, Finance Director/Town Accountant

TOWN OF NORTH ANDOVER, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2018

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Introductory Section

North Andover
Awaits You.

Introductory Section

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Town of North Andover



120 Main Street
North Andover, Massachusetts 01845
(978) 688-9523
FAX (978) 688-9522

Letter of Transmittal

October 31, 2018

To Members of the Board of Selectmen and Citizens of the Town of North Andover:

At the close of each fiscal year, state law requires the Town of North Andover to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), and that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of North Andover, Massachusetts, for the fiscal year ending June 30, 2018 for your review.

This report consists of management's representations concerning the finances of the Town of North Andover. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of North Andover has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of North Andover's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of North Andover's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformity with GAAP.

The Town of North Andover's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of North Andover for the fiscal year ended June 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of North Andover's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of North Andover was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of

the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of North Andover's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement that analysis and should be read in conjunction with it. The Town of North Andover's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

The Town of North Andover is located in Essex County, approximately 24 miles north of Boston. The Town is 26.63 square miles and lies along the banks of the Merrimack River and is surrounded by the Towns of Boxford, Andover, Middleton, North Reading, and the Cities of Lawrence, Methuen and Haverhill. The settlement of the Town began in 1640 and was incorporated as Andover in 1646. The community was split into the North Parish (now North Andover) and South Parish (now Andover) in 1709 and North Andover was incorporated as a separate entity in 1855. Although North Andover contains several Commercial Office Parks, the Town has retained a rural character and contains over 3,000 acres of preserved open space and farmland. North Andover is served by the following interstates: Route 495, Route 125, Route 133 and Route 114. North Andover is a thriving community with an excellent school system, efficient services and a strong commitment to its citizens. As of the 2010 U.S Census the Town's population is 28,382. Estimated census data projects that the Town's population has grown to more than 30,000 residents.

North Andover is governed by an open Town Meeting form of government, a five-member Board of Selectmen and a Town Manager pursuant to a Home Rule Charter that went into effect in 1986. Town Meeting is defined as the Legislative body, Board of Selectmen as the Executive body and the Town Manager as the chief administrative officer. In accordance with Chapter 2 of the Town Charter "the legislative powers of the town shall be exercised by a town meeting open to all registered voters of the town". As defined in Chapter 3 "the Board of Selectmen shall serve as the chief goal-setting and policy-making agency of the town and, as such, shall not normally administer the day-to-day affairs of the town, but shall instead regularly direct the Town Manager to help it in carrying out its administrative duties, and make recommendations to the town meeting relating to actions required to be taken by that body." As defined in Chapter 4 "the Town Manager shall be the chief administrative officer of the town and shall be responsible for administering and coordinating all employees, activities and departments placed by general law, this charter or by-law under the control of the Board of Selectmen and of the Town Manager."

The School Committee has general charge and superintendence of the public schools of the Town. The School Committee is comprised of five members elected at large. The School Committee has the power to select and terminate a superintendent of schools, along with all the powers and duties given to school committees by the laws of the Commonwealth. The School Committee is responsible for establishing educational goals and policies for the schools consistent with the laws of the Commonwealth and standards established by the Commonwealth.

In addition to being shaped and influenced by the Town's elected officials and appointed staff, Town policy and programs are impacted by the actions of the Town's Boards and Commissions. The size, responsibility and source of authority of the Town's Boards and Commissions vary. With the exception of those members who derive their appointments as a result of their position in Town government and the Town Charter mandating their membership, the Board of Selectmen and Town Manager appoint members in accordance with the Town Charter or Massachusetts General Law.

The Town provides a full array of high quality services to the general public, including: full-time police and fire protection; schools for grades pre- kindergarten through 12, (one pre-kindergarten, five elementary, one middle, one senior high, and two regional vocational technical high schools); solid waste disposal and recycling; street maintenance and snow removal; public health and natural resource protection; community development and planning; elder, youth and veteran services; a full service library; and various parks, playgrounds, conservation lands, and recreational programs. The Town also operates its own water supply, purification, and distribution system, and provides sanitary waste disposal via connections to a regional treatment facility, which serves six communities, but is located in North Andover (Greater Lawrence Sanitary District). Thirty percent of the Town's land area is designated conservation land and/or open space. The Town has more than seventy miles of recreational trails. During the summer months the Town operates Steven's Pond, a family and youth oriented recreation area located off Pleasant Street, which includes recreational and instructional swimming, shaded picnic tables, volleyball, horseshoe pits and a children's playground. The Merrimack Valley Regional Transit Authority ("MVRTA") provides bus coverage for certain routes around the Town with connections to the surrounding communities within the Merrimack Valley area. The MVRTA also provides a commuter bus service directly to and from the Town and Boston. The Town of North Andover is committed to a high degree of community responsiveness, providing high quality services to its citizens, and conducting all its affairs in a professional manner.

Factors Affecting Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of North Andover operates.

Local economy

North Andover is most well-known for its residential friendly neighborhoods and rich natural beauty, however the Town also has a well-balanced mix of commercial development situated in three distinct areas. The Downtown/Historic Mill district is centered on Main and High Streets and serves the local community with small retail and office space as well as providing a mix of fast food and full service restaurants. This district is also home to a large mix-use mill complex that houses larger companies, rental housing, manufacturing, restaurants and offices.

North Andover is bisected by two state highways that connect to an interstate highway. These two corridors, which comprise the other commercial districts, boast three industrial parks that serve larger national and international businesses. The state highways also provide a mix of regional commercial and retail businesses that serve residents and neighboring communities. Located at the intersection of the two state highways, on a 220-acre campus, is Merrimack College with nearly 3,500 undergraduate students and a total enrollment of more than 4,100. The college is in the midst of a major infrastructure improvement campaign, has started the process to offer Division 1 athletics, and is ranked as one of the nation's best regional liberal arts colleges.

Long-term financial planning

The Town of North Andover is committed to maintaining a solid financial position in all economies and has steadily improved its financial position during the past seven years. As a result, in FY16 the Town received an "AAA" bond rating from Standard and Poor's for the first time in its history. The Town's financial actions are generally guided by a number of formal financial policies and strengthened by long range planning tools such as a five year Capital Improvement Program, Five Year Financial Forecast, pay-as-you go financing strategies, Facilities Master Plan, and long-term planning for all liabilities including pension and health insurance reserves. Using the lessons learned during the difficult times of the first decade of this century, the Town has been able to maximize municipal and school services through a combination of prudent budgeting, user fee adjustments, strong tax collections, modification of employee health benefits and continued property growth. The Town's

Undesignated Fund Balance as of June 30, 2018, was \$13,708,055 and the certified Free Cash was \$11,096,895. Over the last few years the Town has been able to make transfers from Free Cash into existing reserves as well as establish and fund new reserve accounts such as the Capital Stabilization Fund, Other Postemployment Benefits (OPEB) Trust Fund, OPEB Stabilization Fund, and the Special Education (SPED) Stabilization Fund. As of June 2018, the Stabilization Fund undesignated fund balance is \$4,601,035, the Capital Stabilization Fund balance is \$545,761, the OPEB Stabilization Trust Fund undesignated fund balance is \$531,198, the OPEB Trust Fund undesignated fund balance is \$1,702,104, and the SPED Stabilization undesignated fund balance is \$410,204.

The Town is currently managing approximately \$49.2 million worth of long debt. This indebtedness consists of \$48.4 million of bonds payable and \$837,000 of unamortized premiums on bonds, of which \$38.2 million is for governmental activities and \$11.0 million is for business-type activities. Approximately \$6.2 million, or 13% of the \$48.4 million of outstanding debt principal is scheduled to be paid by the end of fiscal 2019 and the remaining \$42.2 million by fiscal 2038. Approximately \$11.0 million of the outstanding long-term debt is self-supported through enterprise fund revenues.

The Town of North Andover has enhanced its revenue flexibility by establishing enterprise funds and many other user supported programs. This has allowed the Town to shift the operating costs to the users of certain services so that little or no tax support goes towards providing these services. By doing so, the Town is able to provide the maximum tax dollars available to all other services.

In May 2004, Town Meeting adopted an article, which established the Revenue/Fixed Cost Review Committee whose main purpose is to advise the Town Manager and other Town officials on projected revenues, other financial sources and fixed costs to facilitate the annual budget development process.

Cash management policies and practices

It is the policy of the Town of North Andover to comply with the laws of the Commonwealth of Massachusetts regarding the investment of public funds while achieving the highest return with the maximum security and meeting the daily cash flow demands of the Town.

As of June 30, 2018, General Fund cash and cash equivalents totaled \$27.4 million, while the balance of unrestricted cash and cash equivalents for all government funds totaled \$64.6 million.

Risk management

The Town of North Andover manages its risk through premium based coverage with commercial insurance carriers. With the move from the Town's self-insured health plan to the Group Insurance Commission (GIC) in 2014, the Town has further reduced their risk related to health insurance claims. The Town is exposed to various risks of loss related to general liability, property and casualty, workers' compensation and unemployment compensation claims. Buildings and property are fully insured against fire, theft and natural disaster to the extent that losses exceed the Town's deductible per incident. These deductibles vary by type of incident, none of which exceed \$25,000.

Pension and other post-employment benefits

The Town of North Andover contributes to the Essex Regional Retirement System (ERRS) who manages retirement benefits for all employees other than those covered by the Massachusetts Teachers' Retirement System. ERRS recently reported that the Unfunded Actuarial Accrued Liability (UAAL), using the actuarial value of assets, increased from \$358.8 million as of January 1, 2016 to \$393.5 million as of January 1, 2018, using an estimated 7.50% annual return on funds. The Funded Ratio increased during the same time period from 52% to

53%. This follows an increase in the funded ratio of 4% from 2014 to 2016. By comparison, the Funded Ratio as of January 1, 2011 was 52%. North Andover's share of this liability is determined annually based on payroll cost and as of December 31, 2017 was approximately 15.3% which extrapolates to an UAAL of \$60.2 million.

The Town of North Andover also provides postretirement health care benefits for certain retirees and their dependents. There were 411 retired employees receiving these benefits, which are financed on a pay-as-you-go basis for its unfunded liability. For Fiscal 2018, the Town conducted an actuarial valuation to determine the unfunded liability of \$110,977,806, which is an increase of \$2,962,673 from the previous actuarial done in 2017. The rates negotiated with the Public Employee Committee and the January 2014 migration to the Group Insurance Commission (GIC) health insurance plans were a positive factor in keeping the liability largely unchanged from FY17 to FY18. The Town established an OPEB Stabilization Fund in 2014, and in May 2015 Town Meeting approved an OPEB Trust Fund. The combined balances in those two accounts was \$2.3 million as of June 30, 2018. In fiscal 2018, based on the recommendation of the Town Manager, the Board of Selectmen created an OPEB advisory committee. That committee was charged with establishing a target funding level for the OPEB Trust Fund and to identify ways to meet that target. Until the committee issues its report and the Selectmen choose to implement some or all of those recommendations, the Town will continue to contribute to the OPEB Trust Fund based on the current Financial Reserve Policy as last amended in February 2015. Additional information on the Town of North Andover's pension and post-employment benefits can be found in the notes to the financial statements.

Annual budget process and controls

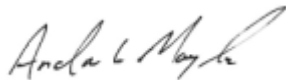
The Town Manager is responsible for preparing and presenting the budget to the Board of Selectmen and the Finance Committee. The Selectmen review all requests and Town wide issues and present a budget to Town Meeting for approval. A nine member Finance Committee reviews the budget and makes its independent recommendations to Town Meeting.

The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. The Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. These controls ensure compliance with the budget approved by residents at Town Meeting.

Awards and Acknowledgements

The Town is committed to reporting information in a transparent and professional manner following accepted best practices. As evidence of this, the Town has complied with the standards set forth by the Government Finance Officers Association of the United States and Canada and has been awarded both the Distinguished Budget Presentation Award and Comprehensive Annual Financial Report Award for the past six consecutive years beginning with FY12. The preparation of this report would not have been possible without the efficient and dedicated services of the Finance and Accounting department staffs. We would like to express our appreciation to all the members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Selectmen and Finance Committee for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of North Andover's finances.

Respectfully submitted,

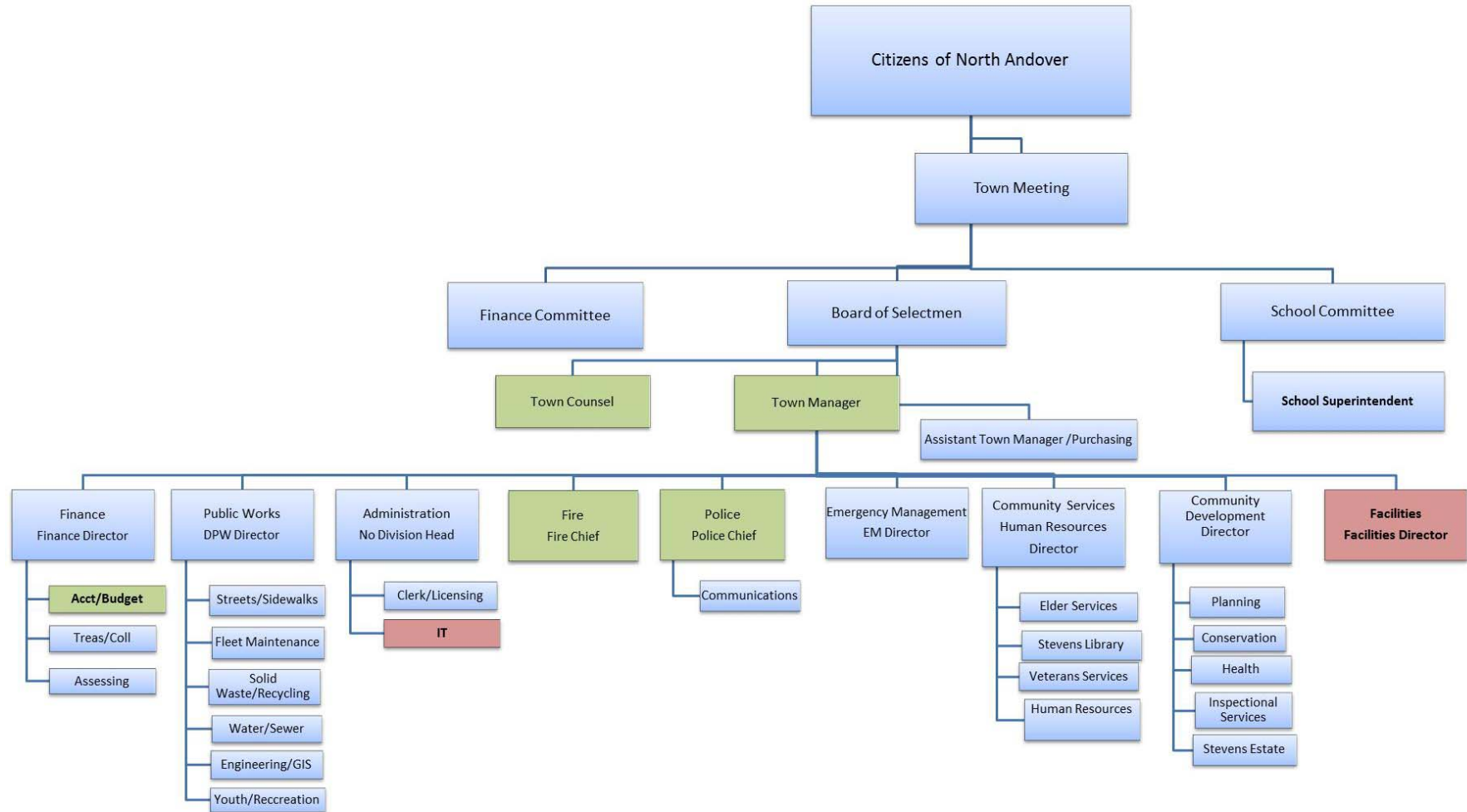


Andrew W. Maylor
Town Manager



Lyne M. Savage
Finance Director/Town Accountant

Organizational Chart



Principal Town Officials

Elected Officials

Board of Selectmen

Regina Kean, Chair
Phil DeCologero, Clerk
Rosemary Connelly Smedile
Chris Nobile
Richard M. Vaillancourt

Town Moderator

Mark DiSalvo

School Committee

Holly Vietzke-Lynch, Chair
Amy Mabley, Vice Chair
Helen Pickard, Clerk
David Torrisi, Member
Andrew McDevitt, Member

Appointed Officials – by School Committee

Superintendent

Dr. Gregg T. Gilligan

Appointed Officials – by Board of Selectmen

Town Manager
Town Accountant
Fire Chief
Police Chief
Town Counsel

Andrew W. Maylor
Lyne M. Savage
William McCarthy
Charles Gray
Suzanne Egan

Appointed Officials – by Town Manager

Assistant Town Manager/Purchasing
Community Development Director
Conservation Administrator
Director of Elder Services
Finance Director
Facilities Director
Human Resources
Inspector of Building
Library Director
Public Works Director
Public Health Director
Town Clerk
Town Treasurer/Collector
Town Planner
Veterans Director
Youth Services Director

Raymond Santilli
Eric Kfoury
Jennifer A Hughes
Irene M. O'Brien
Lyne M. Savage
Steve Foster
Cathy J. Darby
Paul Hutchins
Kathleen Keenan
James Stanford
Brian Lagrasse
Joyce Bradshaw
Vivian Haydar
Jean Enright
Joseph LeBlanc
Richard Gorman



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of North Andover
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of North Andover
Massachusetts**

For the Fiscal Year Beginning

July 1, 2017

Christopher P. Morill

Executive Director

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Financial Section



***Aerial photograph
Stevens Estate***

***Aerial photograph
Old Center***



Photos Courtesy of Tim Campbell

Financial Section

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of North Andover, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Andover, Massachusetts, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Andover, Massachusetts, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of North Andover, Massachusetts' basic financial statements. The introductory section, combining and individual fund statements, statistical section, and additional information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, statistical section and additional information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2018, on our consideration of the Town of North Andover, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of North Andover, Massachusetts' internal control over financial reporting and compliance.



October 31, 2018

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of North Andover, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2018. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP) for states and local governmental entities. Users of these financial statements (such as investors, rating agencies and management) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Financial Overview

- Beginning net position of the governmental activities, the business-type activities and the enterprise funds has been revised to reflect the implementation of GASB Statement #75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. The implementation of this standard required the calculation of the OPEB liability to be revised due to the use of different methods and assumptions as previously required by GASB Statement #45, *"Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions"*. Accordingly, the Town's net position as of June 30, 2017, has been revised to reflect these changes. (See Note 15 for further details regarding the revised balances).
- At the close of the current year, the Town's general fund reported a fund balance of \$22.7 million, a decrease of \$1.9 million in comparison with the prior year. Total fund balance represents 22% of general fund expenditures.
- In order to take advantage of favorable interest rates, the Town issued \$2,055,000 of general obligation refunding bonds on February 26, 2018. The transaction resulted in an economic gain of \$191,599 and a reduction of \$216,531 in future debt service payments.
- The Town's governmental debt (short-term and long-term combined) decreased by \$1.7 million during the current year. This was due to the issuance of general obligation bonds, refunding bonds and premiums totaling \$5.4 million and scheduled principal payments and refunded debt totaling \$7.1 million.
- The Town's business-type debt (short-term and long-term combined) decreased by \$1 million during the current year, which was due to the issuance of general obligation bonds and refunding bonds totaling \$1.7 million and scheduled principal payments and refunded debt totaling \$2.7 million.
- The Town made additional contributions to the OPEB trust fund in 2018 totaling \$700,000 of which \$500,000 was funded by the OPEB stabilization fund and \$200,000 was funded by the general fund. The OPEB trust fund totaled \$1.7 million at year-end.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of North Andover's basic financial statements. These basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, support services, and interest. The business-type activities include the activities of the water, sewer, and Osgood Hill Estate operations.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of North Andover adopts an annual appropriated budget for its general fund. A budget to actual schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains two types of proprietary funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water, sewer, and Osgood Hill Estate operations, all of which are considered to be major funds.

The Town of North Andover adopts annual appropriated budgets for each enterprise fund. A budget to actual schedule has been provided, as additional information, to demonstrate compliance with these budgets.

The *Internal Service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk-financing activities related to active employees' and retirees' health insurance; however in 2013 the Town joined the Commonwealth of Massachusetts' group insurance plan which is a premium based health insurance plan. Since that time, the internal service fund has accounted for residual health insurance claims and assisted in the funding of the OPEB Trust.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for propriety funds.

The other postemployment benefits trust fund is used to account for assets accumulated to provide funding for future other postemployment benefits liabilities. Private-purpose trust funds and agency funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the captions "private purpose trust funds" and "agency funds," respectively.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. North Andover's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$49 million at the close of 2018.

Net position includes \$155.1 million as the net investment in capital assets (e.g., land, buildings and building improvements, machinery and equipment and infrastructure); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$8.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position has a year-end deficit balance of \$114.9 million. The primary reason for this deficit balance is the recognition of the \$111 million net OPEB liability and the \$57.6 million net pension liability.

At the end of the current year, the Town is able to report positive balances in two of the three categories of net position, for the Town as a whole and for its governmental activities. Its business-type activities report positive balances in all categories.

The governmental activity and business-type activity components of the Town are presented on the following pages.

Governmental Activities. The Town of North Andover's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources for governmental activities by \$7.3 million at the close of 2018.

| | 2018 | 2017 (As Revised) |
|---|-----------------------|-----------------------|
| Assets: | | |
| Current assets..... | \$ 54,571,687 | \$ 55,079,945 |
| Capital assets, non depreciable..... | 26,213,258 | 24,479,565 |
| Capital assets, net of accumulated depreciation..... | 121,584,155 | 119,379,224 |
| Total assets..... | 202,369,100 | 198,938,734 |
| Deferred outflows of resources: | | |
| Deferred outflows for refunding debt..... | 69,731 | 100,642 |
| Deferred outflows related to pensions..... | 5,645,622 | 5,608,224 |
| Deferred outflows related to other postemployment benefits..... | 4,500,702 | - |
| Total deferred outflows of resources..... | 10,216,055 | 5,708,866 |
| Liabilities: | | |
| Current liabilities (excluding debt)..... | 6,901,556 | 6,706,448 |
| Noncurrent liabilities (excluding debt)..... | 164,241,410 | 162,527,081 |
| Current debt..... | 4,405,953 | 5,569,661 |
| Noncurrent debt..... | 33,828,844 | 34,316,925 |
| Total liabilities..... | 209,377,763 | 209,120,115 |
| Deferred inflows of resources: | | |
| Deferred inflows related to pensions..... | 3,237,055 | 1,012,252 |
| Deferred inflows related to other postemployment benefits..... | 7,319,989 | - |
| Total deferred inflows of resources..... | 10,557,044 | 1,012,252 |
| Net position: | | |
| Net investment in capital assets..... | 110,485,609 | 107,700,827 |
| Restricted..... | 8,869,786 | 8,329,173 |
| Unrestricted..... | (126,705,047) | (121,514,767) |
| Total net position..... | \$ (7,349,652) | \$ (5,484,767) |
| Program Revenues: | | |
| Charges for services..... | \$ 8,331,005 | \$ 7,822,111 |
| Operating grants and contributions..... | 23,309,202 | 20,434,122 |
| Capital grants and contributions..... | 815,313 | 822,193 |
| General Revenues: | | |
| Real estate and personal property taxes, net of tax refunds payable..... | 72,306,916 | 71,247,551 |
| Tax and other liens..... | 380,967 | 281,888 |
| Motor vehicle and other excise taxes..... | 5,535,952 | 5,723,458 |
| Community preservation tax..... | 1,686,032 | 1,605,585 |
| Penalties and interest on taxes..... | 503,459 | 375,194 |
| Payments in lieu of taxes..... | 2,183,466 | 2,057,136 |
| Grants and contributions not restricted to specific programs..... | 2,564,352 | 2,388,341 |
| Unrestricted investment income..... | 440,113 | 291,879 |
| Total revenues..... | 118,056,777 | 113,049,458 |
| Expenses: | | |
| General government..... | 4,845,309 | 4,329,107 |
| Public safety..... | 16,913,816 | 18,655,060 |
| Education..... | 82,144,460 | 78,892,166 |
| Public works..... | 8,451,311 | 8,394,604 |
| Health and human services..... | 2,909,938 | 2,515,658 |
| Culture and recreation..... | 2,931,796 | 3,017,523 |
| Support services..... | 2,217,361 | 2,056,583 |
| Interest..... | 1,011,461 | 993,933 |
| Total expenses..... | 121,425,452 | 118,854,634 |
| Excess (Deficiency) before transfers..... | (3,368,675) | (5,805,176) |
| Transfers..... | 1,503,790 | 1,441,661 |
| Change in net position..... | (1,864,885) | (4,363,515) |
| Net position, beginning of year (as revised)..... | (5,484,767) | (1,121,252) |
| Net position, end of year..... | \$ (7,349,652) | \$ (5,484,767) |

Beginning net position of the governmental activities has been revised to reflect the implementation of GASB Statement #75. The implementation of this standard required the OPEB liability to be revised due to the use of different methods and assumptions as previously required by GASB Statement #45. Accordingly, previously reported net position of \$38.8 million has been revised and totals a deficit balance of \$5.5 million (see note 15).

The governmental expenses totaled \$121.4 million of which \$32.5 million (27%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$85.6 million, primarily coming from property taxes, motor vehicle excise, payments in lieu of taxes, community preservation taxes and non-restricted state aid.

The governmental net position decreased by \$1.9 million during the current year. This decrease was due to several factors including a \$2.9 million increase in the net other postemployment benefits liability, a \$2.2 million change in deferred outflows/(inflows) of resources related to pensions, a \$2.9 million change in deferred outflows/(inflows) of resources related to OPEB and depreciation expense exceeding debt principal payments by \$891,000. These decreases were offset by the recognition of \$815,000 in capital grants, a \$1.1 million decrease in the net pension liability, and the use of \$4.9 million of general fund reserves to fund capital asset additions.

Business-type Activities. The Town of North Andover's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for business-type activities by \$56.4 million at the close of 2018.

| | 2018 | 2017 (As Revised) |
|---|----------------------|----------------------|
| Assets: | | |
| Current assets..... | \$ 17,738,244 | \$ 14,664,398 |
| Noncurrent assets (excluding capital)..... | 160,668 | 269,913 |
| Capital assets, non depreciable..... | 7,180,009 | 6,998,192 |
| Capital assets, net of accumulated depreciation..... | 47,428,211 | 49,079,254 |
| Total assets..... | 72,507,132 | 71,011,757 |
| Deferred outflows of resources: | | |
| Deferred outflows for refunding debt..... | 31,397 | 48,510 |
| Deferred outflows related to pensions..... | 298,977 | 188,463 |
| Deferred outflows related to other postemployment benefits..... | 109,085 | - |
| Total deferred outflows of resources..... | 439,459 | 236,973 |
| Liabilities: | | |
| Current liabilities (excluding debt)..... | 153,928 | 506,373 |
| Noncurrent liabilities (excluding debt)..... | 5,088,315 | 4,485,980 |
| Current debt..... | 1,900,365 | 2,113,583 |
| Noncurrent debt..... | 9,103,542 | 9,936,532 |
| Total liabilities..... | 16,246,150 | 17,042,468 |
| Deferred inflows of resources: | | |
| Deferred inflows related to pensions..... | 171,426 | 34,017 |
| Deferred inflows related to other postemployment benefits..... | 177,418 | - |
| Total deferred inflows of resources..... | 348,844 | 34,017 |
| Net position: | | |
| Net investment in capital assets..... | 44,580,411 | 44,574,791 |
| Unrestricted..... | 11,771,186 | 9,597,454 |
| Total net position..... | \$ 56,351,597 | \$ 54,172,245 |

| | 2018 | 2017 (As Revised) |
|--|----------------------|----------------------|
| Program Revenues: | | |
| Charges for services..... | \$ 11,359,365 | \$ 11,091,352 |
| Operating grants and contributions..... | 138,731 | 44,413 |
| Capital grants and contributions..... | - | 100,749 |
| Total revenues..... | 11,498,096 | 11,236,514 |
| Expenses: | | |
| Water..... | 3,870,943 | 3,370,729 |
| Sewer..... | 3,520,665 | 3,678,529 |
| Osgood Hill..... | 423,346 | 416,798 |
| Total expenses..... | 7,814,954 | 7,466,056 |
| Excess (Deficiency) before transfers..... | 3,683,142 | 3,770,458 |
| Transfers..... | (1,503,790) | (1,441,661) |
| Change in net position..... | 2,179,352 | 2,328,797 |
| Net position, beginning of year (as revised)..... | 54,172,245 | 51,843,448 |
| Net position, end of year..... | \$ 56,351,597 | \$ 54,172,245 |

Beginning net position of the business-type activities has been revised to reflect the implementation of GASB Statement #75. The implementation of this standard required the OPEB liability to be revised due to the use of different methods and assumptions as previously required by GASB Statement #45. Accordingly, previously reported net position of \$54.4 million has been revised and totals \$54.2 million (see note 15).

Business-type net position of \$44.6 million represents the net investment in capital assets and \$11.8 million is unrestricted. The Town's business-type activities net position increased by \$2.2 million in the current year.

The water enterprise fund net position increased by \$904,000. This increase was primarily due to \$1.2 million of capital appropriations that were raised in the rates, which were offset by increases in the net pension liability and net OPEB liability of \$405,000 and \$51,000, respectively.

The sewer enterprise fund net position increased by \$1.3. This increase was primarily due to \$731,000 of positive budgetary results, debt principal payments exceeding depreciation expense by \$302,000, and \$100,000 of capital appropriations that were raised in the rates.

The Osgood Hill enterprise fund net position decreased by \$37,000, which was primarily due to results from operations.

Financial Analysis of the Governmental Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of North Andover's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of North Andover's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$39.8 million, of which \$22.7 million is for the general fund, \$7.4 million is for the community preservation fund, \$4.3 million is for municipal capital projects fund, and \$5.4 million is for nonmajor governmental funds. Cumulatively there was a decrease of \$1 million in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund totaled \$20.1 million, while total fund balance was \$22.7 million. \$487,000 of fund balance was restricted for debt service while \$2.2 million was assigned for subsequent years' expenditures and encumbrances. Total fund balance represents 22% of general fund expenditures. The Town's general fund decreased by \$1.9 million, which was primarily due to the use of \$4.2 million of general fund reserves to fund municipal capital projects and the use of \$750,000 from the capital stabilization fund for the turf field replacement project. These decreases were offset by \$2.3 million of better than anticipated revenues including motor vehicle and other excise taxes, departmental receipts, and tax liens (which are not budgeted). Also offsetting the decreases are unexpended appropriations totaling \$1.1 million, which primarily relate to public safety and employee benefits.

The community preservation fund increased by \$460,000, which is due to timing differences between the receipt and expenditure of surcharge and state grant revenues.

The highway chapter 90 fund recognized revenues and expenditures totaling \$363,000 and accordingly did not reflect a net change in fund balance at year-end.

The municipal capital project fund increased by \$492,000, which is due to a timing difference between the receipt and expenditure of bond proceeds and other financing sources.

The nonmajor governmental funds decreased by \$104,000, which is due to timing differences between the receipt and expenditure of state and federal grant funds and other special revenues.

General Fund Budgetary Highlights

The original 2018 approved budget for the General Fund authorized \$99.9 million in appropriations and other amounts to be raised. This includes \$353,000 of encumbrances and continuing appropriations carried forward from the prior year.

Capital Asset and Debt Administration

Capital Assets. In conjunction with the annual operating budget, the Town annually prepares a capital budget for the upcoming year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures.

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$202.4 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, machinery and equipment, library books, vehicles, a water treatment plant, pump stations, and other infrastructure. The Town invested \$10.7 million for capital asset additions in 2018.

The major governmental capital asset events during the current year include construction of the public works facility and a new kindergarten in addition to various improvements to Town buildings in connection with the facilities master plan. Also included in current year additions are the purchase of Town vehicles, machinery and equipment, as well as various sidewalk and roadway improvements.

The major business-type capital asset events during the current year include sewer pump-station improvements, water and sewer infrastructure improvements, and building improvements at the Stevens Estate.

Debt Administration. Outstanding gross long-term governmental debt totaled \$38.2 million, a decrease of \$1.7 million from the prior year. This was due to the issuance of general obligation bonds, refunding bonds and premiums totaling \$5.4 million, which is net of principal payments, refunded debt and amortization of premiums totaling \$7.1 million.

There was no outstanding governmental or business-type short-term debt at year-end.

Outstanding gross long-term debt of the water enterprise fund totaled \$6.1 million, an increase of \$207,000 from the prior year, which was due to the issuance of general obligation bonds and refunding bonds totaling \$1.6 million, and principal payments and refunded debt totaling \$1.4 scheduled principal payments.

Outstanding gross long-term debt of the sewer enterprise fund totaled \$4.9 million, a decrease of \$1.2 million from the prior year, which was due to scheduled principal payments.

In order to take advantage of favorable interest rates, the Town issued \$2,055,000 of general obligation refunding bonds on February 26, 2018. The proceeds of the refunding bonds were used to complete a current refunding of existing debt. The refunded bonds totaled \$2,100,000 and became callable on March 29, 2018. As a result of the transaction, the refunded bonds were paid down on the call date and the liability has been removed from the statement of net position. The transaction resulted in an economic gain of \$191,599 and a reduction of \$216,531 in future debt service payments.

Please refer to notes 4, 6 and 7 to the basic financial statements for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of North Andover's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town Hall, 120 Main Street, North Andover, Massachusetts 01845.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2018

| | <i>Primary Government</i> | | |
|---|----------------------------|-----------------------------|---------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| CURRENT: | | | |
| Cash and cash equivalents..... | \$ 46,357,508 | \$ 14,097,784 | \$ 60,455,292 |
| Investments..... | 805,166 | - | 805,166 |
| Receivables, net of allowance for uncollectibles: | | | |
| Real estate and personal property taxes..... | 957,068 | - | 957,068 |
| Tax and utility liens..... | 2,173,276 | 25,303 | 2,198,579 |
| Motor vehicle and other excise taxes..... | 610,233 | - | 610,233 |
| User charges..... | - | 3,505,912 | 3,505,912 |
| Community preservation fund surtax..... | 21,557 | - | 21,557 |
| Departmental and other..... | 785,461 | - | 785,461 |
| Intergovernmental..... | 2,018,390 | - | 2,018,390 |
| Intergovernmental - subsidy..... | - | 109,245 | 109,245 |
| Community preservation state share..... | 188,000 | - | 188,000 |
| Tax foreclosures..... | 655,028 | - | 655,028 |
| Total current assets..... | 54,571,687 | 17,738,244 | 72,309,931 |
| NONCURRENT: | | | |
| Receivables, net of allowance for uncollectibles: | | | |
| Intergovernmental - subsidy..... | - | 160,668 | 160,668 |
| Capital assets, nondepreciable..... | 26,213,258 | 7,180,009 | 33,393,267 |
| Capital assets, net of accumulated depreciation..... | 121,584,155 | 47,428,211 | 169,012,366 |
| Total noncurrent assets..... | 147,797,413 | 54,768,888 | 202,566,301 |
| TOTAL ASSETS..... | 202,369,100 | 72,507,132 | 274,876,232 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows for refunding debt..... | 69,731 | 31,397 | 101,128 |
| Deferred outflows related to pensions..... | 5,645,622 | 298,977 | 5,944,599 |
| Deferred outflows related to other postemployment benefits..... | 4,500,702 | 109,085 | 4,609,787 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES..... | 10,216,055 | 439,459 | 10,655,514 |
| LIABILITIES | | | |
| CURRENT: | | | |
| Warrants payable..... | 2,210,439 | 31,394 | 2,241,833 |
| Accrued payroll..... | 3,599,596 | - | 3,599,596 |
| Tax refunds payable..... | 60,887 | - | 60,887 |
| Accrued interest..... | 215,453 | 67,534 | 282,987 |
| Other liabilities..... | 8,181 | - | 8,181 |
| Compensated absences..... | 807,000 | 55,000 | 862,000 |
| Bonds payable..... | 4,405,953 | 1,900,365 | 6,306,318 |
| Total current liabilities..... | 11,307,509 | 2,054,293 | 13,361,802 |
| NONCURRENT: | | | |
| Compensated absences..... | 740,000 | 41,000 | 781,000 |
| Net other postemployment benefits liability..... | 108,351,647 | 2,626,159 | 110,977,806 |
| Net pension liability..... | 55,149,763 | 2,421,156 | 57,570,919 |
| Bonds payable..... | 33,828,844 | 9,103,542 | 42,932,386 |
| Total noncurrent liabilities..... | 198,070,254 | 14,191,857 | 212,262,111 |
| TOTAL LIABILITIES..... | 209,377,763 | 16,246,150 | 225,623,913 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions..... | 3,237,055 | 171,426 | 3,408,481 |
| Deferred inflows related to other postemployment benefits..... | 7,319,989 | 177,418 | 7,497,407 |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | 10,557,044 | 348,844 | 10,905,888 |
| NET POSITION | | | |
| Net investment in capital assets..... | 110,485,609 | 44,580,411 | 155,066,020 |
| Restricted for: | | | |
| Debt service..... | 486,619 | - | 486,619 |
| Community preservation..... | 7,564,900 | - | 7,564,900 |
| Gifts and grants..... | 818,267 | - | 818,267 |
| Unrestricted..... | (126,705,047) | 11,771,186 | (114,933,861) |
| TOTAL NET POSITION..... | \$ (7,349,652) | \$ 56,351,597 | \$ 49,001,945 |

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue |
|-------------------------------------|----------------|-------------------------|--|--|--------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary Government: | | | | | |
| <i>Governmental Activities:</i> | | | | | |
| General government..... | \$ 4,845,309 | \$ 770,967 | \$ 275,338 | \$ - | \$ (3,799,004) |
| Public safety..... | 16,913,816 | 3,497,891 | 95,582 | - | (13,320,343) |
| Education..... | 82,144,460 | 3,589,712 | 22,047,490 | - | (56,507,258) |
| Public works..... | 8,451,311 | 85,757 | 21,186 | 815,313 | (7,529,055) |
| Health and human services..... | 2,909,938 | 121,659 | 753,045 | - | (2,035,234) |
| Culture and recreation..... | 2,931,796 | 265,019 | 116,561 | - | (2,550,216) |
| Support Services..... | 2,217,361 | - | - | - | (2,217,361) |
| Interest..... | 1,011,461 | - | - | - | (1,011,461) |
| Total Governmental Activities..... | 121,425,452 | 8,331,005 | 23,309,202 | 815,313 | (88,969,932) |
| <i>Business-Type Activities:</i> | | | | | |
| Water..... | 3,870,943 | 5,696,947 | 48,232 | - | 1,874,236 |
| Sewer..... | 3,520,665 | 5,202,164 | 86,591 | - | 1,768,090 |
| Osgood Hill..... | 423,346 | 460,254 | 3,908 | - | 40,816 |
| Total Business-Type Activities..... | 7,814,954 | 11,359,365 | 138,731 | - | 3,683,142 |
| Total Primary Government..... | \$ 129,240,406 | \$ 19,690,370 | \$ 23,447,933 | \$ 815,313 | \$ (85,286,790) |

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (continued)

YEAR ENDED JUNE 30, 2018

| | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------|
| | Governmental Activities | Business-Type Activities | Total |
| Changes in net position: | | | |
| Net (expense) revenue from previous page..... | \$ (88,969,932) | \$ 3,683,142 | \$ (85,286,790) |
| <i>General revenues:</i> | | | |
| Real estate and personal property taxes, net of tax refunds payable..... | 72,306,916 | - | 72,306,916 |
| Tax and other liens..... | 380,967 | - | 380,967 |
| Motor vehicle and other excise taxes..... | 5,535,952 | - | 5,535,952 |
| Community preservation taxes..... | 1,686,032 | - | 1,686,032 |
| Penalties and interest on taxes..... | 503,459 | - | 503,459 |
| Payments in lieu of taxes..... | 2,183,466 | - | 2,183,466 |
| Grants and contributions not restricted to specific programs..... | 2,564,352 | - | 2,564,352 |
| Unrestricted investment income..... | 440,113 | - | 440,113 |
| <i>Transfers, net</i> | 1,503,790 | (1,503,790) | - |
| Total general revenues and transfers..... | 87,105,047 | (1,503,790) | 85,601,257 |
| Change in net position..... | (1,864,885) | 2,179,352 | 314,467 |
| <i>Net position:</i> | | | |
| Beginning of year (as revised)..... | (5,484,767) | 54,172,245 | 48,687,478 |
| End of year..... | \$ (7,349,652) | \$ 56,351,597 | \$ 49,001,945 |

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2018

| | General | Community Preservation | Highway Chapter 90 | Municipal Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------------|-----------------------|----------------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents..... | \$ 27,445,760 | \$ 7,707,650 | \$ - | \$ 4,488,403 | \$ 4,471,579 | \$ 44,113,392 |
| Investments..... | - | - | - | - | 805,166 | 805,166 |
| Receivables, net of uncollectibles: | | | | | | |
| Real estate and personal property taxes..... | 957,068 | - | - | - | - | 957,068 |
| Tax liens..... | 2,173,276 | - | - | - | - | 2,173,276 |
| Community preservation fund surtax..... | - | 21,557 | - | - | - | 21,557 |
| Motor vehicle and other excise taxes..... | 610,233 | - | - | - | - | 610,233 |
| Departmental and other..... | 666,825 | - | - | - | 118,636 | 785,461 |
| Intergovernmental..... | - | - | 1,730,400 | - | 287,990 | 2,018,390 |
| Community preservation state share..... | - | 188,000 | - | - | - | 188,000 |
| Tax foreclosures..... | 655,028 | - | - | - | - | 655,028 |
| Due from other funds..... | 356,749 | - | - | - | - | 356,749 |
| TOTAL ASSETS..... | \$ 32,864,939 | \$ 7,917,207 | \$ 1,730,400 | \$ 4,488,403 | \$ 5,683,371 | \$ 52,684,320 |
| LIABILITIES | | | | | | |
| Warrants payable..... | \$ 1,714,833 | \$ 352,307 | \$ - | \$ 143,298 | \$ - | \$ 2,210,438 |
| Accrued payroll..... | 3,599,596 | - | - | - | - | 3,599,596 |
| Tax refunds payable..... | 60,887 | - | - | - | - | 60,887 |
| Due to other funds..... | - | - | 119,351 | - | 237,398 | 356,749 |
| Other liabilities..... | 8,181 | - | - | - | - | 8,181 |
| TOTAL LIABILITIES..... | 5,383,497 | 352,307 | 119,351 | 143,298 | 237,398 | 6,235,851 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue..... | 4,742,546 | 209,557 | 1,611,049 | - | 118,636 | 6,681,788 |
| FUND BALANCES | | | | | | |
| Restricted..... | 486,619 | 7,355,343 | - | 4,345,105 | 5,327,337 | 17,514,404 |
| Assigned..... | 2,197,046 | - | - | - | - | 2,197,046 |
| Unassigned..... | 20,055,231 | - | - | - | - | 20,055,231 |
| TOTAL FUND BALANCES..... | 22,738,896 | 7,355,343 | - | 4,345,105 | 5,327,337 | 39,766,681 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES..... | \$ 32,864,939 | \$ 7,917,207 | \$ 1,730,400 | \$ 4,488,403 | \$ 5,683,371 | \$ 52,684,320 |

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2018

| | |
|--|-----------------------|
| Total governmental fund balances..... | \$ 39,766,681 |
| Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds..... | 147,797,413 |
| Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds..... | 6,681,788 |
| The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred..... | (340,989) |
| The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position..... | 2,244,116 |
| In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due..... | (215,454) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds: | |
| Bonds payable..... | (38,234,797) |
| Net pension liability..... | (55,149,763) |
| Net other postemployment benefits liability..... | (108,351,647) |
| Compensated absences..... | (1,547,000) |
| Net effect of reporting long-term liabilities..... | (203,283,207) |
| Net position of governmental activities..... | \$ <u>(7,349,652)</u> |

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2018

| | General | Community Preservation | Highway Chapter 90 | Municipal Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------------|-----------------------|----------------------------------|-----------------------------------|--------------------------------|
| REVENUES: | | | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 72,175,522 | \$ - | \$ - | \$ - | \$ - | \$ 72,175,522 |
| Tax liens..... | 393,321 | - | - | - | - | 393,321 |
| Motor vehicle and other excise taxes..... | 5,694,558 | - | - | - | - | 5,694,558 |
| Charges for services..... | 1,038,719 | - | - | - | 4,242,866 | 5,281,585 |
| Penalties and interest on taxes..... | 503,459 | - | - | - | - | 503,459 |
| Payments in lieu of taxes..... | 2,031,715 | - | - | - | 151,751 | 2,183,466 |
| Licenses and permits..... | 265,889 | - | - | - | 154,890 | 420,779 |
| Fines and forfeitures..... | 59,046 | - | - | - | - | 59,046 |
| Intergovernmental - state aid..... | 10,907,264 | - | - | - | - | 10,907,264 |
| Intergovernmental - teachers retirement..... | 9,240,129 | - | - | - | - | 9,240,129 |
| Intergovernmental - other..... | 343,124 | - | 363,455 | - | 4,500,448 | 5,207,027 |
| Departmental and other..... | 1,871,433 | - | - | - | 486,895 | 2,358,328 |
| Community preservation taxes..... | - | 1,686,166 | - | - | - | 1,686,166 |
| Community preservation state match..... | - | 308,053 | - | - | - | 308,053 |
| Contributions and donations..... | - | - | - | - | 679,173 | 679,173 |
| Investment income..... | 345,132 | 70,405 | - | - | 95,234 | 510,771 |
| TOTAL REVENUES..... | 104,869,311 | 2,064,624 | 363,455 | - | 10,311,257 | 117,608,647 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government..... | 2,688,302 | - | - | 6,293,129 | 353,150 | 9,334,581 |
| Public safety..... | 10,642,311 | - | - | 64,450 | 1,099,465 | 11,806,226 |
| Education..... | 47,443,969 | - | - | - | 8,423,591 | 55,867,560 |
| Public works..... | 5,810,403 | - | 363,455 | 1,076,641 | 63,325 | 7,313,824 |
| Health and human services..... | 1,142,900 | - | - | 3,356 | 1,125,461 | 2,271,717 |
| Culture and recreation..... | 1,049,179 | 1,604,922 | - | - | 60,111 | 2,714,212 |
| Support Services..... | 1,746,592 | - | - | - | - | 1,746,592 |
| Pension benefits..... | 4,763,787 | - | - | - | - | 4,763,787 |
| Pension benefits - Teachers Retirement..... | 9,240,129 | - | - | - | - | 9,240,129 |
| Property and liability insurance..... | 371,321 | - | - | - | - | 371,321 |
| Employee benefits..... | 11,544,232 | - | - | - | - | 11,544,232 |
| State and county charges..... | 520,922 | - | - | - | - | 520,922 |
| Debt service: | | | | | | |
| Principal..... | 5,453,870 | - | - | - | - | 5,453,870 |
| Principal payment on current refunding..... | 1,480,000 | - | - | - | - | 1,480,000 |
| Interest..... | 1,128,333 | - | - | - | - | 1,128,333 |
| TOTAL EXPENDITURES..... | 105,026,250 | 1,604,922 | 363,455 | 7,437,576 | 11,125,103 | 125,557,306 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | (156,939) | 459,702 | - | (7,437,576) | (813,846) | (7,948,659) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Issuance of bonds..... | - | - | - | 3,742,123 | 77,877 | 3,820,000 |
| Issuance of refunding bonds..... | 1,457,624 | - | - | - | - | 1,457,624 |
| Premium from issuance of bonds..... | - | - | - | 41,612 | 10,569 | 52,181 |
| Premium from issuance of refunding bonds..... | 68,066 | - | - | - | - | 68,066 |
| Transfers in..... | 1,652,326 | - | - | 4,165,000 | 769,553 | 6,586,879 |
| Transfers out..... | (4,915,000) | - | - | (19,553) | (148,536) | (5,083,089) |
| TOTAL OTHER FINANCING SOURCES (USES)... | (1,736,984) | - | - | 7,929,182 | 709,463 | 6,901,661 |
| NET CHANGE IN FUND BALANCES..... | (1,893,923) | 459,702 | - | 491,606 | (104,383) | (1,046,998) |
| FUND BALANCES AT BEGINNING OF YEAR..... | 24,632,819 | 6,895,641 | - | 3,853,499 | 5,431,720 | 40,813,679 |
| FUND BALANCES AT END OF YEAR..... | \$ 22,738,896 | \$ 7,355,343 | \$ - | \$ 4,345,105 | \$ 5,327,337 | \$ 39,766,681 |

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2018

| | | |
|--|--------------------|------------------------------|
| Net change in fund balances - total governmental funds..... | | \$ (1,046,998) |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> | | |
| Capital outlay..... | 10,283,424 | |
| Depreciation expense..... | <u>(6,344,800)</u> | |
| Net effect of reporting capital assets..... | | 3,938,624 |
| <p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p> | | |
| | | 450,909 |
| <p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p> | | |
| Issuance of bonds..... | (3,820,000) | |
| Issuance of refunding bonds..... | (1,457,624) | |
| Premium from issuance of bonds..... | (52,181) | |
| Premium from issuance of refunding bonds..... | (68,066) | |
| Net amortization of premium from issuance of bonds..... | 115,791 | |
| Net change in deferred charge on refunding..... | (30,913) | |
| Debt service principal payments..... | 5,453,870 | |
| Debt service principal payments - current refunding..... | <u>1,480,000</u> | |
| Net effect of reporting long-term debt..... | | 1,620,877 |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p> | | |
| Net change in compensated absences accrual..... | 186,000 | |
| Net change in accrued interest on long-term debt..... | 31,993 | |
| Net change in deferred outflow/(inflow) of resources related to pensions..... | (2,187,405) | |
| Net change in net pension liability..... | 1,060,240 | |
| Net change in deferred outflow/(inflow) of resources related to other postemployment benefits... | (2,819,287) | |
| Net change in net other postemployment benefits liability..... | <u>(2,892,569)</u> | |
| Net effect of recording long-term liabilities..... | | (6,621,028) |
| The net activity of internal service funds is reported with Governmental Activities..... | | <u>(207,269)</u> |
| Change in net position of governmental activities..... | | \$ <u><u>(1,864,885)</u></u> |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2018

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Fund |
|---|---|----------------------|---------------------|----------------------|--|
| | Water | Sewer | Osgood Hill | Total | |
| ASSETS | | | | | |
| CURRENT: | | | | | |
| Cash and cash equivalents..... | \$ 8,359,601 | \$ 5,218,953 | \$ 519,230 | \$ 14,097,784 | \$ 2,244,116 |
| Receivables, net of allowance for uncollectibles: | | | | | |
| Liens - user charges..... | 32,233 | 13,459 | - | 45,692 | - |
| User charges..... | 1,669,457 | 1,816,066 | - | 3,485,523 | - |
| Intergovernmental - subsidy..... | - | 109,245 | - | 109,245 | - |
| Total current assets..... | 10,061,291 | 7,157,723 | 519,230 | 17,738,244 | 2,244,116 |
| NONCURRENT: | | | | | |
| Receivables, net of allowance for uncollectibles: | | | | | |
| Intergovernmental - subsidy..... | - | 160,668 | - | 160,668 | - |
| Capital assets, non depreciable..... | 2,628,295 | 512,317 | 4,039,397 | 7,180,009 | - |
| Capital assets, net of accumulated depreciation..... | 25,294,578 | 20,368,981 | 1,764,652 | 47,428,211 | - |
| Total noncurrent assets..... | 27,922,873 | 21,041,966 | 5,804,049 | 54,768,888 | - |
| TOTAL ASSETS..... | 37,984,164 | 28,199,689 | 6,323,279 | 72,507,132 | 2,244,116 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred loss on refunding..... | - | 31,397 | - | 31,397 | - |
| Deferred outflows related to pensions..... | 217,935 | 81,042 | - | 298,977 | - |
| Deferred outflows related to other postemployment benefits..... | 79,516 | 29,569 | - | 109,085 | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES..... | 297,451 | 142,008 | - | 439,459 | - |
| LIABILITIES | | | | | |
| CURRENT: | | | | | |
| Warrants payable..... | 44 | - | 31,350 | 31,394 | - |
| Accrued interest..... | 14,412 | 53,122 | - | 67,534 | - |
| Compensated absences..... | 34,000 | 19,000 | 2,000 | 55,000 | - |
| Bonds payable..... | 837,553 | 1,062,812 | - | 1,900,365 | - |
| Total current liabilities..... | 886,009 | 1,134,934 | 33,350 | 2,054,293 | - |
| NONCURRENT: | | | | | |
| Compensated absences..... | 25,000 | 15,000 | 1,000 | 41,000 | - |
| Net pension liability..... | 1,750,485 | 670,671 | - | 2,421,156 | - |
| Net other postemployment benefits liability..... | 1,914,298 | 711,861 | - | 2,626,159 | - |
| Bonds payable..... | 5,276,857 | 3,826,685 | - | 9,103,542 | - |
| Total noncurrent liabilities..... | 8,966,640 | 5,224,217 | 1,000 | 14,191,857 | - |
| TOTAL LIABILITIES..... | 9,852,649 | 6,359,151 | 34,350 | 16,246,150 | - |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows related to pensions..... | 124,958 | 46,468 | - | 171,426 | - |
| Deferred inflows related to other postemployment benefits..... | 129,326 | 48,092 | - | 177,418 | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | 254,284 | 94,560 | - | 348,844 | - |
| NET POSITION | | | | | |
| Net investment in capital assets..... | 22,701,582 | 16,074,780 | 5,804,049 | 44,580,411 | - |
| Restricted for: | | | | | |
| Unrestricted..... | 5,473,100 | 5,813,206 | 484,880 | 11,771,186 | 2,244,116 |
| TOTAL NET POSITION..... | \$ 28,174,682 | \$ 21,887,986 | \$ 6,288,929 | \$ 56,351,597 | \$ 2,244,116 |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2018

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Fund |
|--|---|----------------------|---------------------|----------------------|--|
| | Water | Sewer | Osgood Hill | Total | |
| OPERATING REVENUES: | | | | | |
| Charges for services..... | \$ 5,675,475 | \$ 5,179,122 | \$ 460,254 | \$ 11,314,851 | \$ - |
| Penalties and interest..... | 21,472 | 23,042 | - | 44,514 | - |
| TOTAL OPERATING REVENUES | 5,696,947 | 5,202,164 | 460,254 | 11,359,365 | - |
| OPERATING EXPENSES: | | | | | |
| Cost of services and administration..... | 1,755,435 | 350,408 | 176,397 | 2,282,240 | - |
| Salaries and wages..... | 990,790 | 367,032 | 122,963 | 1,480,785 | - |
| GLSD assessment..... | - | 1,664,895 | - | 1,664,895 | - |
| Repairs and maintenance..... | 61,752 | 72,554 | - | 134,306 | - |
| Depreciation..... | 922,190 | 846,758 | 123,986 | 1,892,934 | - |
| Employee benefits..... | - | - | - | - | 243,933 |
| TOTAL OPERATING EXPENSES..... | 3,730,167 | 3,301,647 | 423,346 | 7,455,160 | 243,933 |
| OPERATING INCOME (LOSS)..... | 1,966,780 | 1,900,517 | 36,908 | 3,904,205 | (243,933) |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| Investment income..... | 48,232 | 38,695 | 3,908 | 90,835 | 36,664 |
| Interest expense..... | (140,776) | (219,018) | - | (359,794) | - |
| TOTAL NONOPERATING REVENUES (EXPENSES), NET..... | (92,544) | (180,323) | 3,908 | (268,959) | 36,664 |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS..... | 1,874,236 | 1,720,194 | 40,816 | 3,635,246 | (207,269) |
| CAPITAL CONTRIBUTIONS..... | - | 47,896 | - | 47,896 | - |
| TRANSFERS: | | | | | |
| Transfers out..... | (969,967) | (456,454) | (77,369) | (1,503,790) | - |
| CHANGE IN NET POSITION..... | 904,269 | 1,311,636 | (36,553) | 2,179,352 | (207,269) |
| NET POSITION AT BEGINNING OF YEAR (AS REVISED)..... | 27,270,413 | 20,576,350 | 6,325,482 | 54,172,245 | 2,451,385 |
| NET POSITION AT END OF YEAR..... | \$ 28,174,682 | \$ 21,887,986 | \$ 6,288,929 | \$ 56,351,597 | \$ 2,244,116 |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Fund |
|--|---|--------------|----------------|---------------|--|
| | Water | Sewer | Osgood Hill | Total | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Receipts from customers and users..... | \$ 5,417,229 | \$ 4,848,563 | \$ 460,254 | \$ 10,726,046 | \$ - |
| Payments to vendors..... | (1,402,957) | (1,915,688) | (150,632) | (3,469,277) | - |
| Payments to employees..... | (989,790) | (366,032) | (120,963) | (1,476,785) | - |
| Payments for interfund services used..... | - | - | - | - | (243,933) |
| NET CASH FROM OPERATING ACTIVITIES..... | 3,024,482 | 2,566,843 | 188,659 | 5,779,984 | (243,933) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Transfers out..... | (969,967) | (456,454) | (77,369) | (1,503,790) | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Proceeds from the issuance of bonds..... | 1,090,000 | - | - | 1,090,000 | - |
| Proceeds from the issuance of refunding bonds and notes..... | 597,376 | - | - | 597,376 | - |
| Acquisition and construction of capital assets..... | (503,159) | (39,760) | (122,374) | (665,293) | - |
| Principal payments on bonds..... | (860,432) | (1,148,385) | - | (2,008,817) | - |
| Principal payments on bonds - current refunding..... | (620,000) | - | - | (620,000) | - |
| Interest expense..... | (151,706) | (172,541) | - | (324,247) | - |
| NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES..... | (447,921) | (1,360,686) | (122,374) | (1,930,981) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Investment income..... | 48,232 | 38,695 | 3,908 | 90,835 | 36,664 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS..... | 1,654,826 | 788,398 | (7,176) | 2,436,048 | (207,269) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR..... | 6,704,775 | 4,430,555 | 526,406 | 11,661,736 | 2,451,385 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR..... | \$ 8,359,601 | \$ 5,218,953 | \$ 519,230 | \$ 14,097,784 | \$ 2,244,116 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH | | | | | |
| FROM OPERATING ACTIVITIES: | | | | | |
| Operating income (loss)..... | \$ 1,966,780 | \$ 1,900,517 | \$ 36,908 | \$ 3,904,205 | \$ (243,933) |
| Adjustments to reconcile operating income to net cash from operating activities: | | | | | |
| Depreciation..... | 922,190 | 846,758 | 123,986 | 1,892,934 | - |
| Deferred (outflows)/inflows related to pensions..... | 17,043 | 9,852 | - | 26,895 | - |
| Deferred (outflows)/inflows related to OPEB..... | 49,810 | 18,523 | - | 68,333 | - |
| Changes in assets and liabilities: | | | | | |
| Tax liens..... | 6,269 | 33,282 | - | 39,551 | - |
| User charges..... | (285,987) | (386,883) | - | (672,870) | - |
| Warrants payable..... | (108,629) | (2,535) | 25,765 | (85,399) | - |
| Compensated absences..... | 1,000 | 1,000 | 2,000 | 4,000 | - |
| Net pension liability..... | 404,902 | 127,329 | - | 532,231 | - |
| Other postemployment benefits..... | 51,104 | 19,000 | - | 70,104 | - |
| Total adjustments..... | 1,057,702 | 666,326 | 151,751 | 1,875,779 | - |
| NET CASH FROM OPERATING ACTIVITIES..... | \$ 3,024,482 | \$ 2,566,843 | \$ 188,659 | \$ 5,779,984 | \$ (243,933) |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | | | | |
| Capital contributions..... | \$ - | \$ 47,896 | \$ - | \$ 47,896 | \$ - |
| Change in the deferred loss on debt refunding..... | 1,647 | 15,466 | - | 17,113 | - |

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

| | Other Postemployment Benefit Trust Fund | Private Purpose Trust Funds | Agency Funds |
|--|--|-----------------------------------|------------------|
| ASSETS | | | |
| Cash and cash equivalents..... | \$ - | \$ 123,863 | \$ 4,017,968 |
| Investments: | | | |
| Investments in Pension Reserve Investment Trust..... | <u>1,720,104</u> | <u>-</u> | <u>-</u> |
| TOTAL ASSETS | <u>1,720,104</u> | <u>123,863</u> | <u>4,017,968</u> |
| LIABILITIES | | | |
| Liabilities due depositors..... | - | - | 4,017,968 |
| NET POSITION | | | |
| Restricted for other postemployment benefits..... | 1,720,104 | - | - |
| Held in trust for other purposes..... | <u>-</u> | <u>123,863</u> | <u>-</u> |
| TOTAL NET POSITION | <u>\$ 1,720,104</u> | <u>\$ 123,863</u> | <u>\$ -</u> |

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2018

| | Other Postemployment Benefit Trust Fund | Private Purpose Trust Funds |
|--|--|-----------------------------------|
| ADDITIONS: | | |
| Contributions: | | |
| Employer contributions to the trust..... | \$ 700,000 | \$ - |
| Employer contributions for other postemployment benefit payments.... | 3,530,124 | - |
| Total contributions..... | 4,230,124 | - |
| Net investment income: | | |
| Investment income..... | 112,557 | 4,941 |
| Net Change in fair value of investments..... | 10,527 | - |
| Less: investment expense..... | (7,854) | - |
| Net investment income (loss)..... | 115,230 | 4,941 |
| TOTAL ADDITIONS..... | 4,345,354 | 4,941 |
| DEDUCTIONS: | | |
| Other postemployment benefit payments..... | 3,530,124 | - |
| Health and human services..... | - | 1,000 |
| NET INCREASE (DECREASE) IN NET POSITION..... | 815,230 | 3,941 |
| NET POSITION AT BEGINNING OF YEAR..... | 904,874 | 119,922 |
| NET POSITION AT END OF YEAR..... | \$ 1,720,104 | \$ 123,863 |

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of North Andover, Massachusetts (Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected Board of Selectmen (Board). For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. It has been determined that there are no component units that meet the requirements for inclusion in the Town's financial statements.

Joint Venture

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated and governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in the following joint ventures with other municipalities to pool resources and share the costs, risks, and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified recipients.

Greater Lawrence Sanitary District (GLSD)

GLSD operates a wastewater treatment plant for five member communities and is located within the Town. The GLSD is governed by a seven member board consisting of one appointed representative from the Town. The Town is indirectly liable for the GLSD's debt and other expenditures and is assessed annually for its share of operating and capital costs. For the year ended June 30, 2018, the Town's assessment totaled \$1,664,895. Separate financial statements may be obtained by writing to the Treasurer of the GLSD at 240 Charles Street, North Andover, MA 01845.

Greater Lawrence Regional Technical Vocational School (GLRTVS)

The Town is a member of the GLRTVS that serves the members' students seeking an education that is technical in nature. The GLRTVS is governed by a seven member school committee consisting of one elected representative from the Town. The Town is indirectly liable for the GLRTVS' debt and other expenditures and is assessed annually for its share of operating and capital costs. For the year ended June 30, 2018, the Town's assessment totaled \$404,892. Separate financial statements may be obtained by writing to the Treasurer of the GLRTVS at 57 River Road, Andover, MA 01810.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, deferred outflows of resources, liabilities, deferred inflows of resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *community preservation fund* is a special revenue fund used to account for the 3% local real estate tax surcharge on nonexempt property (and matching state trust fund distribution) that can be used for open space, historic resource and affordable housing purposes. Property exempt from the surcharge consists of the first \$100,000 of all residential property and also property owned by low income seniors with a low or moderate income as defined by Massachusetts Department of Revenue (DOR) guidelines. Disbursements from this fund must originate from the Community Preservation Committee and be approved by Town Meeting.

The *highway chapter 90 fund* is a capital projects fund used to account for activities reimbursed through the State's Chapter 90 highway improvement program.

The *municipal capital projects fund* is used to account for the acquisition of non-school related capital assets that are funded through both appropriations and borrowings.

The nonmajor governmental funds consist of other special revenue and capital project funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principle ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

The *water enterprise fund* is used to account for the water activities.

The *sewer enterprise fund* is used to account for the sewer activities.

The *Osgood Hill enterprise fund* is used to account for the operation of Osgood Hill Estate activities.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk-financing activities related to active employees' and retirees' health insurance; however in 2013 the Town joined the Commonwealth of Massachusetts' group insurance plan which is a premium based health insurance plan. Since that time, the internal service fund has accounted for residual health insurance claims and assisted in the funding of the OPEB Trust.

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, except for agency funds which have no measurement focus. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *other postemployment benefit trust fund* accumulates resources to provide funding for future OPEB (other postemployment benefits) liabilities.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allows the trustees to authorize spending of the realized investment earnings. The Town's educational scholarship trusts are accounted for in this fund.

The *agency fund* is used to account for assets held in a custodial capacity. Such assets consist primarily of performance bonds and bid deposits. Agency funds do not present the results of operations or have a measurement focus.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 Cash and Investments – Fair Value Measurements.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date.

Real estate tax liens are processed one year after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Community Preservation Surcharges

Community preservation surcharges are levied annually at a rate of 3% of resident's real estate tax bills with exemptions for the first \$100,000 of residential property and property owned by qualified persons with low income and seniors (60+) with low or moderate income defined by DOR guidelines. The surcharge is due with the real estate tax on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Overdue surcharges are included on the tax liens processed on delinquent real estate taxes. Surcharges are recorded as receivables in the year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Water and Sewer User Charges and Utility Liens

User fees are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed approximately six months after the end of the year and are included as a lien on the property owner's tax bill. Water and sewer charges and liens are recorded as receivables in the year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Departmental and Other

Departmental and other receivables consist primarily of amounts due from ambulance charges and police details. These receivables are recorded when the applicable service has been performed.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

G. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, library books, vehicles, infrastructure (e.g., roads, treatment plants, pump stations, sewer mains and similar items) and construction-in-progress, are reported in the applicable governmental or business-type activity column of the government-wide financial statements and in the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets; donated works of art, historical treasures and similar assets; and capital assets received in service concession arrangements are recorded at acquisition value. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

| <u>Capital Asset Type</u> | <u>Estimated Useful Life (in years)</u> |
|---------------------------------|---|
| Land improvements..... | 20-30 |
| Buildings and improvements..... | 7-50 |
| Machinery and equipment..... | 3-20 |
| Library books..... | 10 |
| Vehicles..... | 5 |
| Treatment plants..... | 10-40 |
| Pump stations..... | 20-40 |
| Reservoirs..... | 20-40 |
| Infrastructure..... | 20-60 |

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Town has reported deferred charges on refunding and deferred outflows of resources related to pensions and OPEB in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has reported deferred inflows of resources related to pensions and OPEB in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will *not* be recognized as an inflow of resources (revenue) until it becomes available. The Town has reported unavailable revenues from property taxes, excise taxes, departmental receivables, and state agencies in this category.

J. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as “internal balances”.

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as “Due from other funds” or “Due to other funds” on the balance sheet.

K. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as “Transfers, net”.

Fund Financial Statements

Transfers between and within funds are not eliminated from the individual fund statements and are reported as transfers in and transfers out.

L. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets.

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been “restricted for” the following:

“Debt service” represents amounts accumulated from the Massachusetts School Building Authority (MSBA) to reduce school construction excluded debt service costs over the life of the loans.

“Community preservation” represents amounts restricted for the purpose of ongoing community preservation activities.

“Gifts and grants” represents restrictions placed on assets from outside parties.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town Meeting is the highest level of decision-making authority for the government that can, by adoption of an article prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the article remains in place until a similar action is taken to remove or revise the limitation.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. Town Meeting may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Town’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

M. Long-term debt*Government-Wide and Proprietary Fund Financial Statements*

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Essex Regional Retirement System and the Massachusetts Teachers Retirement System and additions to/deductions from the Systems fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Investment Income

Investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

P. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures. Compensated absences are reported in governmental funds only if they have matured.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

Q. Use of Estimates*Government-Wide and Fund Financial Statements*

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets

and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

R. Total Column

Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 - CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents." The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth. In addition, there are various restrictions limiting the amount and length of deposits and investments.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

The Town participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy is to minimize custodial credit risk by only investing in highly rated banks, which is determined through the utilization of a bank rating service. At year-end, the carrying amount of deposits totaled \$60,072,802 and the bank balance totaled \$60,814,645. Of the bank balance, \$1,587,796 was covered by Federal Depository Insurance, \$31,015,629 was covered by the Depositor's Insurance Fund, and \$28,211,220 was collateralized.

Interest Rate Risk

The Town's investment policy limits investment maturities to one year as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately three months.

The Town participates in PRIT. The effective weighted duration rate for PRIT investments ranged from .15 to 16.31 years.

As of June 30, 2018, the Town had the following investments and maturities:

| Investment Type | Fair value | Maturities | |
|--------------------------------|------------------|-------------------|-------------------|
| | | 1-5 Years | 6-10 Years |
| <u>Debt securities:</u> | | | |
| Bond mutual funds..... | \$ 383,332 | \$ <u>262,495</u> | \$ <u>120,837</u> |
| <u>Other investments:</u> | | | |
| Equity mutual funds..... | 421,834 | | |
| Money market mutual funds..... | 10,350 | | |
| PRIT..... | 1,720,104 | | |
| MMDT..... | <u>4,513,971</u> | | |
| Total investments..... | \$ 7,049,591 | | |

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town did not have investments that were exposed to custodial credit risk. The Town's policy to minimize custodial credit risk is to obtain from brokerage houses and broker/dealers 1) audited financial statements, 2) proof of National Association of Security Dealers certification, 3) a statement that the dealer has read the Town's investment policy and will comply with it and 4) be in business for no less than five years and have a minimum capitalization of \$10 million.

Credit Risk

Standard and Poor's Investors Service rated \$220,838 of bond mutual funds AAA, \$139,064 AA and \$23,430 A. The \$4,513,971 of MMDT deposits, \$1,720,104 of PRIT shares and \$10,350 of money market mutual funds are unrated. The Town's investment policy limits investments in debt securities to U.S. Treasuries and U.S. Agency Obligations, which are AA rated and like-kind investments that are fully collateralized.

Concentration of Credit Risk

The Town limits the amount the Town may invest in any one issuer to 10%. The Town does not have investments in corporate bonds or equity securities and therefore does not have exposure to concentration of credit risk.

Fair Market Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2018:

| Investment Type | June 30, 2018 | Fair Value Measurements Using | | |
|---|------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments measured at fair value: | | | | |
| <u>Debt securities:</u> | | | | |
| Bond mutual funds..... | \$ 383,332 | \$ 383,332 | \$ - | \$ - |
| <u>Other investments:</u> | | | | |
| Equity mutual funds..... | 421,834 | 421,834 | - | - |
| Money market mutual funds..... | 10,350 | 10,350 | - | - |
| Total other investments..... | 432,184 | 432,184 | - | - |
| Total investments measured at fair value..... | 815,516 | \$ 815,516 | \$ - | \$ - |
| Investments measured at amortized cost: | | | | |
| MMDT..... | 4,513,971 | | | |
| Investments measured at net asset value: | | | | |
| PRIT..... | 1,720,104 | | | |
| Total investments..... | \$ 7,049,591 | | | |

Repurchase agreements, bond mutual funds, equity mutual funds and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

PRIT investments are valued using the net asset value. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The Town does not have the ability to control any of the investment decisions relative to its funds in PRIT.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

NOTE 3 - RECEIVABLES

At June 30, 2018, receivables for the individual major and non-major governmental funds including the applicable allowances for uncollectible accounts are as follows:

| | Gross Amount | Allowance for Uncollectibles | Net Amount |
|--|---------------------|------------------------------------|---------------------|
| <u>Receivables:</u> | | | |
| Real estate and personal property taxes..... | \$ 1,139,068 | \$ (182,000) | \$ 957,068 |
| Tax liens..... | 2,173,276 | - | 2,173,276 |
| Community preservation fund surtax..... | 21,557 | - | 21,557 |
| Motor vehicle and other excise taxes..... | 1,058,233 | (448,000) | 610,233 |
| Departmental and other..... | 1,531,745 | (746,284) | 785,461 |
| Intergovernmental..... | 2,018,390 | - | 2,018,390 |
| Community preservation state share..... | 188,000 | - | 188,000 |
| Total..... | \$ <u>8,130,269</u> | \$ <u>(1,376,284)</u> | \$ <u>6,753,985</u> |

At June 30, 2018, receivables for the water and sewer enterprise funds are as follows:

| | Gross Amount | Allowance for Uncollectibles | Net Amount |
|--|---------------------|------------------------------------|---------------------|
| <u>Receivables:</u> | | | |
| Water liens - user charges..... | \$ 32,233 | \$ - | \$ 32,233 |
| Water user charges..... | 1,669,457 | - | 1,669,457 |
| Sewer liens - user charges..... | 13,459 | - | 13,459 |
| Sewer user charges..... | 1,816,066 | - | 1,816,066 |
| Sewer intergovernmental - subsidy..... | 269,913 | - | 269,913 |
| Total..... | \$ <u>3,801,128</u> | \$ <u>-</u> | \$ <u>3,801,128</u> |

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

| | General Fund | Other Governmental Funds | Total |
|--|---------------------|--------------------------------|---------------------|
| <u>Receivables:</u> | | | |
| Real estate and personal property taxes..... | \$ 637,184 | \$ - | \$ 637,184 |
| Tax liens..... | 2,173,276 | - | 2,173,276 |
| Community preservation fund..... | - | 209,557 | 209,557 |
| Motor vehicle and other excise taxes..... | 610,233 | - | 610,233 |
| Departmental and other..... | 666,825 | 118,636 | 785,461 |
| Intergovernmental..... | - | 1,611,049 | 1,611,049 |
| Tax foreclosures..... | 655,028 | - | 655,028 |
| Total..... | \$ <u>4,742,546</u> | \$ <u>1,939,242</u> | \$ <u>6,681,788</u> |

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------|----------------|-------------------|
| Governmental Activities: | | | | |
| <u>Capital assets not being depreciated:</u> | | | | |
| Land..... | \$ 22,145,413 | \$ - | \$ - | \$ 22,145,413 |
| Construction in progress..... | 2,334,152 | 3,924,742 | (2,191,049) | 4,067,845 |
| Total capital assets not being depreciated..... | 24,479,565 | 3,924,742 | (2,191,049) | 26,213,258 |
| <u>Capital assets being depreciated:</u> | | | | |
| Land improvements..... | 5,526,683 | 782,873 | - | 6,309,556 |
| Buildings and building improvements..... | 157,750,745 | 5,892,939 | - | 163,643,684 |
| Machinery and equipment..... | 10,591,611 | 378,741 | (30,045) | 10,940,307 |
| Vehicles..... | 4,701,157 | 101,148 | - | 4,802,305 |
| Library books..... | 6,915,246 | 285,666 | (172,412) | 7,028,500 |
| Infrastructure..... | 43,890,269 | 1,108,364 | - | 44,998,633 |
| Total capital assets being depreciated..... | 229,375,711 | 8,549,731 | (202,457) | 237,722,985 |
| <u>Less accumulated depreciation for:</u> | | | | |
| Land improvements..... | (2,953,604) | (210,124) | - | (3,163,728) |
| Buildings and building improvements..... | (65,343,107) | (3,489,161) | - | (68,832,268) |
| Machinery and equipment..... | (8,124,128) | (663,637) | 30,045 | (8,757,720) |
| Vehicles..... | (4,261,240) | (73,709) | - | (4,334,949) |
| Library books..... | (4,055,505) | (508,198) | 172,412 | (4,391,291) |
| Infrastructure..... | (25,258,903) | (1,399,971) | - | (26,658,874) |
| Total accumulated depreciation..... | (109,996,487) | (6,344,800) | 202,457 | (116,138,830) |
| Total capital assets being depreciated, net..... | 119,379,224 | 2,204,931 | - | 121,584,155 |
| Total governmental activities capital assets, net..... | \$ 143,858,789 | \$ 6,129,673 | \$ (2,191,049) | \$ 147,797,413 |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|----------------|-----------|-------------------|
| Business-Type Activities: | | | | |
| <u>Capital assets not being depreciated:</u> | | | | |
| Land..... | \$ 6,097,262 | \$ - | \$ - | \$ 6,097,262 |
| Construction in progress..... | 900,930 | 181,817 | - | 1,082,747 |
| Total capital assets not being depreciated..... | 6,998,192 | 181,817 | - | 7,180,009 |
| <u>Capital assets being depreciated:</u> | | | | |
| Land improvements..... | 243,030 | 4,075 | - | 247,105 |
| Buildings and improvements..... | 3,762,127 | 118,299 | - | 3,880,426 |
| Machinery and equipment..... | 3,266,834 | 119,517 | - | 3,386,351 |
| Vehicles..... | 544,697 | - | (24,861) | 519,836 |
| Treatment plants..... | 16,573,234 | - | - | 16,573,234 |
| Pump stations..... | 6,725,474 | - | - | 6,725,474 |
| Reservoirs..... | 1,477,296 | - | - | 1,477,296 |
| Infrastructure..... | 55,536,996 | - | - | 55,536,996 |
| Total capital assets being depreciated..... | 88,129,688 | 241,891 | (24,861) | 88,346,718 |
| <u>Less accumulated depreciation for:</u> | | | | |
| Land improvements..... | (153,501) | - | - | (153,501) |
| Buildings and improvements..... | (1,398,976) | - | - | (1,398,976) |
| Machinery and equipment..... | (2,143,252) | - | - | (2,143,252) |
| Vehicles..... | (403,472) | - | 24,861 | (378,611) |
| Treatment plants..... | (12,388,861) | - | - | (12,388,861) |
| Pump stations..... | (2,828,356) | - | - | (2,828,356) |
| Reservoirs..... | (1,339,636) | - | - | (1,339,636) |
| Infrastructure..... | (18,394,380) | (1,892,934) | - | (20,287,314) |
| Total accumulated depreciation..... | (39,050,434) | (1,892,934) | 24,861 | (40,918,507) |
| Total capital assets being depreciated, net..... | 49,079,254 | (1,651,043) | - | 47,428,211 |
| Total business-type activities capital assets, net..... | \$ 56,077,446 | \$ (1,469,226) | \$ - | \$ 54,608,220 |

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

| | |
|-----------------------------|------------|
| General government..... | \$ 575,761 |
| Public safety..... | 765,868 |
| Education..... | 2,601,636 |
| Public works..... | 2,037,184 |
| Human services..... | 145,975 |
| Culture and recreation..... | 218,376 |

Total depreciation expense - governmental activities..... \$ 6,344,800

Business-Type Activities:

| | |
|------------------|------------|
| Water..... | \$ 922,190 |
| Sewer..... | 846,758 |
| Osgood Hill..... | 123,986 |

Total depreciation expense - business-type activities..... \$ 1,892,934

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables totaled \$209,555 as of June 30, 2018, and consisted of amounts due to the general fund from the highway chapter 90 fund totaling \$209,555. The outstanding balance resulted from the time lag between the dates that reimbursable expenditures are incurred and reimbursements are received.

Interfund transfers for the year ended June 30, 2018, are summarized as follows:

| Transfers Out: | Transfers In: | | | | |
|----------------------------------|---------------------|----------------------------|-----------------------------|---------------------|-----|
| | General Fund | Municipal Capital Projects | Nonmajor Governmental Funds | Total | |
| General Fund..... | \$ - | \$ 4,165,000 | \$ 750,000 | \$ 4,915,000 | (1) |
| Municipal Capital Projects..... | - | - | 19,553 | 19,553 | (2) |
| Nonmajor Governmental Funds..... | 148,536 | - | - | 148,536 | (3) |
| Water Enterprise Fund..... | 969,967 | - | - | 969,967 | (4) |
| Sewer Enterprise Fund..... | 456,454 | - | - | 456,454 | (4) |
| Osgood Hill Enterprise Fund..... | 77,369 | - | - | 77,369 | (4) |
| Total..... | \$ <u>1,652,326</u> | \$ <u>4,165,000</u> | \$ <u>769,553</u> | \$ <u>6,586,879</u> | |

- (1) Budgeted transfers to fund capital project expenditures.
 (2) Transfer of residual municipal capital project balances to school capital projects fund.
 (3) Budgeted transfers to the general fund from available funds.
 (4) Budgeted transfers to the general fund for indirect costs.

NOTE 6 - SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds, respectively.

The Town did not have any short-term debt outstanding as of June 30, 2018.

NOTE 7 - LONG-TERM DEBT

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5% of its equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." In addition, however, a Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

In order to take advantage of favorable interest rates, the Town issued \$2,055,000 of general obligation refunding bonds on February 26, 2018. The proceeds of the refunding bonds were used to complete a current refunding of existing debt. The refunded bonds totaled \$2,100,000 and became callable on March 29, 2018. As a result of the transaction, the refunded bonds were paid down on the call date and the liability has been removed from the statement of net position. The transaction resulted in an economic gain of \$191,599 and a reduction of \$216,531 in future debt service payments.

Details related to the outstanding indebtedness at June 30, 2018, and the debt service requirements are as follows:

Bonds Payable – Governmental Funds

| Project | Maturities Through | Original Loan Amount | Interest Rate (%) | Outstanding at June 30, 2018 |
|--|-----------------------|----------------------------|-------------------------|------------------------------------|
| Municipal Purpose Loan of 2008..... | 2028 | \$ 1,486,026 | 4.00 - 4.40 | \$ 77,001 |
| Municipal Purpose Loan 2008 - Refunding..... | 2019 | 9,540,000 | 3.00 - 4.00 | 225,000 |
| Municipal Purpose Loan 2009..... | 2029 | 7,122,134 | 2.75 - 5.00 | 423,767 |
| Municipal Purpose Loan 2010..... | 2029 | 7,734,222 | 2.25 - 4.00 | 560,000 |
| Municipal Purpose Loan 2011..... | 2021 | 4,365,353 | 2.00 - 3.75 | 1,097,500 |
| Municipal Purpose Loan 2012..... | 2029 | 3,255,348 | 2.00 - 2.50 | 1,273,801 |
| Municipal Purpose Loan 2013..... | 2022 | 926,199 | 2.00 - 3.00 | 33,272 |
| Municipal Purpose Loan 2014 - refunding..... | 2026 | 4,010,000 | 2.00 - 3.25 | 2,520,000 |
| Municipal Purpose Loan 2014..... | 2034 | 8,181,497 | 2.00 - 3.25 | 6,058,560 |
| Municipal Purpose Loan 2015 - refunding..... | 2028 | 68,526 | 2.00 - 4.00 | 66,935 |
| Municipal Purpose Loan 2015..... | 2035 | 8,365,000 | 2.00 - 4.00 | 6,680,000 |
| Municipal Purpose Loan 2016 - refunding..... | 2029 | 1,695,000 | 2.00 - 3.00 | 1,650,000 |
| Municipal Purpose Loan 2016..... | 2036 | 5,759,364 | 2.00 - 3.00 | 4,918,999 |
| Municipal Purpose Loan 2017..... | 2037 | 7,135,000 | 2.00 - 3.00 | 6,535,000 |
| Municipal Purpose Loan 2018 - refunding..... | 2029 | 1,457,624 | 3.00 - 3.25 | 1,457,624 |
| Municipal Purpose Loan 2018..... | 2038 | 3,820,000 | 3.00 - 3.25 | 3,820,000 |
| Total Bonds Payable..... | | | | 37,397,459 |
| Add: Unamortized premium on bonds..... | | | | 837,338 |
| Total Bonds Payable, net..... | | | | \$ 38,234,797 |

Debt service requirements for principal and interest for Governmental bonds payable in future years are as follows:

| Year | Principal | Interest | Total |
|------------|----------------------|---------------------|----------------------|
| 2019..... | \$ 4,282,591 | \$ 1,043,105 | \$ 5,325,696 |
| 2020..... | 3,649,736 | 921,268 | 4,571,004 |
| 2021..... | 3,504,735 | 817,606 | 4,322,341 |
| 2022..... | 2,990,936 | 721,065 | 3,712,001 |
| 2023..... | 2,709,218 | 634,751 | 3,343,969 |
| 2024..... | 2,444,249 | 556,222 | 3,000,471 |
| 2025..... | 2,350,899 | 495,026 | 2,845,925 |
| 2026..... | 2,007,199 | 436,732 | 2,443,931 |
| 2027..... | 1,847,625 | 383,046 | 2,230,671 |
| 2028..... | 1,671,373 | 331,917 | 2,003,290 |
| 2029..... | 1,648,898 | 287,096 | 1,935,994 |
| 2030..... | 1,270,000 | 242,732 | 1,512,732 |
| 2031..... | 1,275,000 | 212,139 | 1,487,139 |
| 2032..... | 1,285,000 | 171,919 | 1,456,919 |
| 2033..... | 1,290,000 | 134,218 | 1,424,218 |
| 2034..... | 1,280,000 | 96,195 | 1,376,195 |
| 2035..... | 905,000 | 57,293 | 962,293 |
| 2036..... | 560,000 | 30,175 | 590,175 |
| 2037..... | 325,000 | 13,250 | 338,250 |
| 2038..... | 100,000 | 3,250 | 103,250 |
| Total..... | \$ <u>37,397,459</u> | \$ <u>7,589,005</u> | \$ <u>44,986,464</u> |

Bonds Payable – Water Enterprise Fund

| Project | Maturities Through | Original Loan Amount | Interest Rate (%) | Outstanding at June 30, 2018 |
|---|-----------------------|----------------------------|-------------------------|------------------------------------|
| MCWT..... | 2028 | \$ 5,532,288 | 2.00 | \$ 3,046,368 |
| Municipal Purpose Loan of 2009..... | 2019 | 450,000 | 2.75 - 5.00 | 45,000 |
| Municipal Purpose Loan of 2010..... | 2030 | 3,275,000 | 2.25 - 4.00 | 290,000 |
| Municipal Purpose Loan of 2011..... | 2021 | 225,000 | 2.00 - 3.75 | 67,500 |
| Municipal Purpose Loan of 2012..... | 2022 | 1,175,000 | 2.00 - 2.50 | 470,000 |
| Municipal Purpose Loan of 2013..... | 2022 | 795,000 | 2.00 - 3.00 | 366,728 |
| Municipal Purpose Loan of 2014..... | 2024 | 267,191 | 2.00 - 4.00 | 141,438 |
| Municipal Purpose Loan of 2018 - Refunding..... | 2030 | 597,376 | 3.00 - 3.25 | 597,376 |
| Municipal Purpose Loan of 2018..... | 2028 | 1,090,000 | 3.00 - 3.25 | <u>1,090,000</u> |
| Total Bonds Payable..... | | | | \$ <u>6,114,410</u> |

Debt service requirements for principal and interest for Water Enterprise fund bonds and notes payable in future years are as follows:

| Year | Principal | Interest | Total |
|------------|---------------------|-------------------|---------------------|
| 2019..... | \$ 837,553 | \$ 138,813 | \$ 976,366 |
| 2020..... | 742,255 | 121,088 | 863,343 |
| 2021..... | 722,983 | 103,550 | 826,533 |
| 2022..... | 702,628 | 87,020 | 789,648 |
| 2023..... | 498,108 | 71,035 | 569,143 |
| 2024..... | 499,191 | 59,152 | 558,343 |
| 2025..... | 483,397 | 47,296 | 530,693 |
| 2026..... | 488,430 | 35,865 | 524,295 |
| 2027..... | 493,588 | 24,344 | 517,932 |
| 2028..... | 500,177 | 12,733 | 512,910 |
| 2029..... | 61,100 | 4,383 | 65,483 |
| 2030..... | 85,000 | 2,550 | 87,550 |
| Total..... | \$ <u>6,114,410</u> | \$ <u>707,829</u> | \$ <u>6,822,239</u> |

Bonds Payable – Sewer Enterprise Fund

| Project | Maturities Through | Original Loan Amount | Interest Rate (%) | Outstanding at June 30, 2018 |
|---|-----------------------|----------------------------|-------------------------|------------------------------------|
| MCWT..... | 2021 | \$ 7,356,555 | 2.60 - 5.40 | \$ 945,000 |
| Municipal Purpose Loan of 2008..... | 2028 | 3,925,290 | 3.70 - 5.00 | 1,068,000 |
| Municipal Purpose Loan of 2008 - Refunding..... | 2019 | 1,156,892 | 3.00 - 4.00 | 71,232 |
| Municipal Purpose Loan of 2010 - Refunding..... | 2022 | 3,830,001 | 2.25 - 3.50 | 1,065,000 |
| Municipal Purpose Loan of 2010..... | 2020 | 250,000 | 2.25 - 3.25 | 50,000 |
| Municipal Purpose Loan of 2012..... | 2022 | 78,000 | 2.00 - 2.50 | 31,200 |
| Municipal Purpose Loan of 2015 - Refunding..... | 2028 | 1,001,474 | 2.00 - 4.00 | 978,065 |
| Municipal Purpose Loan of 2016..... | 2026 | 870,683 | 2.00 - 3.00 | 681,000 |
| Total Bonds Payable..... | | | | \$ <u>4,889,497</u> |

Debt service requirements for principal and interest for Sewer Enterprise fund bonds and notes payable in future years are as follows:

| Year | Principal | Interest | Total |
|------------|---------------------|-------------------|---------------------|
| 2019..... | \$ 1,062,814 | \$ 158,149 | \$ 1,220,963 |
| 2020..... | 1,001,582 | 117,531 | 1,119,113 |
| 2021..... | 751,582 | 83,110 | 834,692 |
| 2022..... | 586,582 | 59,652 | 646,234 |
| 2023..... | 293,782 | 39,334 | 333,116 |
| 2024..... | 288,751 | 28,912 | 317,663 |
| 2025..... | 284,101 | 23,136 | 307,237 |
| 2026..... | 274,101 | 17,250 | 291,351 |
| 2027..... | 184,976 | 9,822 | 194,798 |
| 2028..... | 161,226 | 4,272 | 165,498 |
| Total..... | \$ <u>4,889,497</u> | \$ <u>541,168</u> | \$ <u>5,430,665</u> |

The Sewer Enterprise Fund is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$269,913 and interest costs of \$57,833. Thus, net MCWT loan repayments, including interest, are scheduled to be \$676,857. The principal subsidies are guaranteed and therefore a \$269,913 intergovernmental receivable has been reported in the proprietary fund financial statements. Since the Town is legally obligated for the total amount of the debt, such amounts have been recorded in the accompanying basic financial statements. The 2018 principal and interest subsidies totaled \$104,766 and \$47,896, respectively.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2018, the Town had the following authorized and unissued debt.

| Purpose | Amount |
|--|---------------------|
| Replace Fire Chief Vehicle..... | \$ 4,727 |
| Energy Efficiency Improvements..... | 775,598 |
| Intergrated Public Safety System..... | 724 |
| Facilities Master Plan Implementation..... | 4,964,500 |
| Pedestrian/Vehicle Access Improvements..... | 750,000 |
| Playground Improvements..... | 50,000 |
| Municipal Information Technology..... | 50,000 |
| Motorola Officer Assigned Portable Radios..... | 247,307 |
| Roadway Improvements..... | 410,000 |
| Sidewalks..... | 75,000 |
| 6 Wheel Dump Truck..... | 185,000 |
| Backhoe..... | 110,000 |
| Building Maintenance..... | 225,000 |
| School Information Technology..... | 100,000 |
| Total..... | \$ <u>7,947,856</u> |

Changes in Long-term Liabilities

During the year ended June 30, 2018, the following changes occurred in long-term liabilities:

| | Beginning Balance (As Revised) | Bonds and Notes Issued | Bonds and Notes Redeemed | Other Increases | Other Decreases | Ending Balance | Due Within One Year |
|--|--------------------------------------|------------------------------|--------------------------------|--------------------|--------------------|-------------------|------------------------|
| Governmental Activities: | | | | | | | |
| Long-term bonds payable..... | \$ 39,053,705 | \$ 5,277,624 | \$ (6,933,870) | \$ - | \$ - | \$ 37,397,459 | \$ 4,282,591 |
| Add: Unamortized premium on bonds... | 832,881 | 120,248 | (115,791) | - | - | 837,338 | 123,362 |
| Total bonds payable..... | 39,886,586 | 5,397,872 | (7,049,661) | - | - | 38,234,797 | 4,405,953 |
| Other postemployment benefits..... | 105,459,078 | - | - | 7,022,598 | (4,130,029) | 108,351,647 | - |
| Compensated absences..... | 1,733,000 | - | - | 689,000 | (875,000) | 1,547,000 | 807,000 |
| Net pension liability..... | 56,210,003 | - | - | 3,469,615 | (4,529,855) | 55,149,763 | - |
| Total governmental activity long-term liabilities, as revised..... | \$ 203,288,667 | \$ 5,397,872 | \$ (7,049,661) | \$ 11,181,213 | \$ (9,534,884) | \$ 203,283,207 | \$ 5,212,953 |
| Business-Type Activities: | | | | | | | |
| Long-term bonds payable..... | \$ 12,050,115 | \$ 1,687,376 | \$ (2,733,584) | \$ - | \$ - | \$ 11,003,907 | \$ 1,900,365 |
| Other postemployment benefits..... | 2,556,055 | - | - | 170,199 | (100,095) | 2,626,159 | - |
| Compensated absences..... | 92,000 | - | - | 55,000 | (51,000) | 96,000 | 55,000 |
| Net pension liability..... | 1,888,925 | - | - | 772,103 | (239,872) | 2,421,156 | - |
| Total business-type activity long-term liabilities, as revised..... | \$ 16,587,095 | \$ 1,687,376 | \$ (2,733,584) | \$ 997,302 | \$ (390,967) | \$ 16,147,222 | \$ 1,955,365 |

The governmental activities long-term liabilities are generally liquidated by the general fund and the business-type activities long-term liabilities are generally liquidated by the applicable enterprise fund.

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year-end, the balance of the general stabilization fund, capital stabilization fund, OPEB stabilization fund and special education stabilization fund was \$4,601,035, \$545,761, \$531,198 and \$410,204, respectively. All of which are reported as unassigned fund balance within the general fund.

The Town has classified its fund balances with the following hierarchy.

| | General | Community Preservation | Municipal Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------|---------------------------|----------------------------------|-----------------------------------|--------------------------------|
| Fund Balances: | | | | | |
| Restricted for: | | | | | |
| Community preservation fund..... | \$ - | \$ 7,355,343 | \$ - | \$ - | \$ 7,355,343 |
| Municipal capital projects..... | - | - | 4,345,105 | - | 4,345,105 |
| Municipal federal and state grants..... | - | - | - | 212,018 | 212,018 |
| Education federal and state grants..... | - | - | - | 50,592 | 50,592 |
| Receipts reserved for appropriation..... | - | - | - | 486,678 | 486,678 |
| Municipal revolving funds..... | - | - | - | 741,284 | 741,284 |
| Education revolving funds..... | - | - | - | 1,062,293 | 1,062,293 |
| School lunch funds..... | - | - | - | 42,067 | 42,067 |
| Other special revenue funds..... | - | - | - | 1,199,541 | 1,199,541 |
| Affordable housing trust fund..... | - | - | - | 541,107 | 541,107 |
| Other trust funds..... | - | - | - | 966,684 | 966,684 |
| Education capital projects..... | - | - | - | 25,073 | 25,073 |
| Debt service..... | 486,619 | - | - | - | 486,619 |
| Assigned to: | | | | | |
| Encumbrances: | | | | | |
| General government..... | 25,088 | - | - | - | 25,088 |
| Public safety..... | 20,652 | - | - | - | 20,652 |
| Education..... | 186,671 | - | - | - | 186,671 |
| Public works..... | 50,132 | - | - | - | 50,132 |
| Health and human services..... | 342 | - | - | - | 342 |
| Support services..... | 3,000 | - | - | - | 3,000 |
| Free cash used for subsequent year budget..... | 1,911,161 | - | - | - | 1,911,161 |
| Unassigned..... | 20,055,231 | - | - | - | 20,055,231 |
| Total Fund Balances..... | \$ 22,738,896 | \$ 7,355,343 | \$ 4,345,105 | \$ 5,327,337 | \$ 39,766,681 |

NOTE 9 - RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town participates in a premium-based workers' compensation plan for its active employees.

Health Insurance

In 2013, the Town joined the Commonwealth of Massachusetts' group insurance plan which is a premium based health insurance plan. Since that time the internal service fund has accounted for residual health insurance claims. As of June 30, 2018, there was no remaining liability for incurred but not reported claims. The amount of claim settlements has not exceeded insurance coverage in any of the three preceding years.

NOTE 10 - PENSION PLAN

The Town is a member of the Essex Regional Retirement System (ERRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the member units. The system is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://www.essexregional.com>.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2018. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$9,240,129 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$88,529,957 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are three classes of membership in the retirement system: group 1, group 2, and group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, group 4 consists of police officers, firefighters, and other hazardous positions.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service if hired after 1978 and if classified in groups 1 or 2. A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service if in group 1, 50 years of age with 10 years of service if in group 2, and 55 years of age if hired prior to 1978 or if classified in group 4. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the ERRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's actual contribution for the year ended December 31, 2017 was \$4,769,727, 22.82% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town's proportionate share of the required contribution was \$4,763,787, which was \$5,940 less than its actual contribution.

Pension Liabilities

At June 30, 2018, the Town reported a liability of \$57,570,919 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2017, the Town's proportion was 15.3%, which was an increase of 0.2% from its proportion measured at December 31, 2016.

Pension Expense

For the year ended June 30, 2018, the Town recognized pension expense of \$6,456,018. At June 30, 2018, the Town reported deferred outflows and inflows of resources related to pensions of \$5,944,599 and \$3,408,481, respectively.

The balances of deferred outflows/(inflows) at June 30, 2018 consist of the following:

| Deferred Category | Deferred Outflows of Resources | Deferred Inflows of Resources | Total |
|---|--------------------------------------|-------------------------------------|--------------|
| Differences between expected and actual experience..... | \$ - | \$ (814,737) | \$ (814,737) |
| Difference between projected and actual earnings..... | - | (2,534,734) | (2,534,734) |
| Changes in assumptions..... | 4,726,742 | - | 4,726,742 |
| Changes in proportion and proportionate share of contributions..... | 1,217,857 | (59,010) | 1,158,847 |
| Total deferred outflows/(inflows) of resources..... | \$ 5,944,599 | \$ (3,408,481) | \$ 2,536,118 |

The Town's net deferred outflows/(inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | | |
|-----------|----|------------------|
| 2019..... | \$ | 1,121,413 |
| 2020..... | | 1,177,432 |
| 2021..... | | 366,769 |
| 2022..... | | <u>(129,496)</u> |
| | \$ | <u>2,536,118</u> |

Investment policy

The pension plan's policy in regard to the allocation of invested assets is established by PRIT and the Board. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2017, are summarized in the following table:

| <u>Asset Class</u> | <u>Long-Term Expected Asset Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---|--|---|
| Domestic equity..... | 6.15% | 17.50% |
| International developed markets equity..... | 7.11% | 15.50% |
| International emerging markets equity..... | 9.41% | 6.00% |
| Core fixed income..... | 1.68% | 12.00% |
| High-yield fixed income..... | 4.13% | 10.00% |
| Real estate..... | 4.90% | 10.00% |
| Commodities..... | 4.71% | 4.00% |
| Hedge fund, GTAA, Risk parity..... | 3.94% | 13.00% |
| Private Equity..... | 10.28% | <u>12.00%</u> |
| Total..... | | <u>100.00%</u> |

Actuarial Assumptions

The total pension liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions:

| | |
|--|---|
| Valuation date..... | January 1, 2018 |
| Salary increases..... | Based on years of service, ranging from 7.50% at 0 years of service decreasing to 3.75% after 5 years of service. |
| Net investment return/discount rate..... | 7.50% |
| Inflation rate..... | 2.75% |
| Cost of living adjustments..... | 3% of first 14,000 |
| Mortality Rates: | |
| Pre-Retirement..... | RP-2000 Employee Mortality Table projected generationally with Scale BB. |
| Healthy Retiree..... | RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB. |
| Disabled Retiree..... | RP-2000 Healthy Annuitant Mortality Table, set forward two years projected generationally with Scale BB. |

Rate of return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 7.5% as of June 30, 2018 and 7.75% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

| | 1% Decrease (6.50%) | Current Discount (7.50%) | 1% Increase (8.50%) |
|---|------------------------|--------------------------------|------------------------|
| The Town's proportionate share of the net pension liability..... | \$ 72,431,212 | \$ 57,570,919 | \$ 45,071,338 |

Changes of Assumptions – Changes of assumptions included a decrease in the discount rate from 7.75% to 7.50%, the inflation rate was lowered from 4.00% to 2.75%, and the assumed interest on employee contributions was increased from 2.00% to 3.75%. The retirement rates for employees in Groups 1 and 2 hired after April 1, 2012 and in Group 4 were revised to match the rates for employees hired before April 1, 2012 and there were minor changes to the rates prior to age 54 for Group 4 employees. The percentage of accidental disability retirees who are expected to die from the same cause as the disability was lowered from 40% to 20% for groups 1 and 2 employees and increased from 40% to 60% for Group 4 employees. The allowance for net 3(8)(c) payments was changed from an estimated liability to a term cost added to the service cost and the administrative expense assumption was lowered from \$1,127,500 to \$1,000,000.

Changes in Plan Provisions – None.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Summary of Significant Accounting Policies – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Plan Description – The Town of North Andover administers a single-employer defined benefit healthcare plan (the "Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes a variable portion of the cost of current-year premiums, which varies by plan, for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining portion of their premium costs. For the year ended June 30, 2018, the Town's average contribution rate was 7.45% of covered-employee payroll.

During 2018, the Town pre-funded future OPEB liabilities totaling \$700,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2018, the balance of this fund totaled \$1,720,104. The Town has not formally adopted a policy of pre-funding future OPEB liabilities.

The Commonwealth of Massachusetts passed legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities. The Town has named the Health Care Security Board of Trustees (HCSBT) as Trustees of the OPEB Fund and as such has authorized the OPEB Trust Funds to be invested entirely in the State Retirement Benefits Trust Fund (SRBT Fund). Massachusetts General Law directs the HSCBT to invest the SRBT Fund in the Pension Reserves Investment Trust (PRIT) Fund. The Trustees have adopted a trust agreement detailing their duties and responsibilities as Trustees. The PRIT Fund is subject to oversight by the Pension Reserves Investment Management Board (PRIM) Board. A nine member Board of Trustees governs the PRIM Board. The Board of Trustees has the authority to employ an Executive Director, outside investment managers, custodians,

consultants, and others as it deems necessary to formulate policies and procedures and to take such other actions as necessary and appropriate to manage the assets of the PRIT Fund.

Investment policy

The Town's policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectmen by a majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town's investment policy.

Employees Covered by Benefit Terms – The following table represents the Plan's membership at June 30, 2018:

| | |
|--|--------------|
| Active members..... | 749 |
| Inactive members currently receiving benefits..... | <u>411</u> |
| Total..... | <u>1,160</u> |

Components of OPEB Liability – The following table represents the components of the Plan's OPEB liability as of June 30, 2018:

| | |
|--|-----------------------|
| Total OPEB liability..... | \$ 112,697,910 |
| Less: OPEB plan's fiduciary net position..... | <u>(1,720,104)</u> |
| Net OPEB liability..... | <u>\$ 110,977,806</u> |
| The OPEB plan's fiduciary net position as a percentage of the total OPEB liability..... | 1.53% |

Significant Actuarial Methods and Assumptions – The total OPEB liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2018:

| | |
|------------------------------------|--|
| Valuation date..... | June 30, 2017; liabilities as of June 30, 2018 are projected from the June 30, 2017 valuation. |
| Actuarial cost method..... | Entry Age Normal Level % of Salary |
| Discount rate..... | 3.87% as June 30, 2018 and 4.22% as of June 30, 2017. |
| Healthcare cost trend rate..... | 7.5% for Pre-65 and 6.5% for Post-65. Both decreasing by 0.5% annually to an ultimate rate of 5.0%. |
| Inflation rate..... | 1.3% per year |
| Payroll growth..... | General wage inflation plus merit/productivity increases, based on the Public Employee Retirement Administration Commission's Commonwealth of Massachusetts actuarial valuation as of January 1, 2016. |
| Remaining amortization period..... | 30 years, open basis |
| Mortality rates..... | RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016 (RPH-2016 table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2016 using MP-2016 improvement.) |

Rate of return – For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 7.46%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Plan's expected future real rate of return is added to the expected inflation to produce the long-term expected nominal rate of return. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018 are summarized in the following table.

| Asset Class | Long-Term Expected Asset Allocation | Long-Term Expected Real Rate of Return |
|-------------------------------|--|---|
| Global equity..... | 39.00% | 7.94% |
| Core fixed income..... | 12.00% | 3.71% |
| Value added fixed income..... | 10.00% | 6.60% |
| Private equity..... | 10.00% | 6.70% |
| Timberland..... | 4.00% | 6.25% |
| Portfolio completion..... | 13.00% | 6.54% |
| Real estate..... | 12.00% | 6.54% |
| Total..... | 100.00% | |

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87% as of June 30, 2018, and 4.22% as of June 30, 2017. The discount rate was based on a yield or index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher; which was selected from a range of indices including the Bond Buyer 20 – Bond Municipal Bond Index (3.87% for 2018 and 3.53% for 2017), S&P Municipal Bond 20 – Year High Grade Rate Index (2.98% for 2018 and 3.13% for 2017), and the Fidelity 20 – Year Municipal Bond Index (3.62% for 2018 and 3.56% for 2017).

Changes in the Net OPEB Liability

| | Increase (Decrease) | | |
|---|--------------------------------|--|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balances at June 30, 2017..... | \$ 108,920,003 | \$ 904,874 | \$ 108,015,129 |
| Changes for the year: | | | |
| Service cost..... | 5,881,723 | - | 5,881,723 |
| Interest..... | 4,770,917 | - | 4,770,917 |
| Differences between expected and actual experience..... | (8,722,694) | - | (8,722,694) |
| Changes in assumptions and other inputs..... | 5,378,085 | - | 5,378,085 |
| Benefit payments..... | (3,530,124) | (3,530,124) | - |
| Employer contributions..... | - | 700,000 | (700,000) |
| Employer contributions for OPEB payments..... | - | 3,530,124 | (3,530,124) |
| Net investment income..... | - | 115,230 | (115,230) |
| Net change..... | 3,777,907 | 815,230 | 2,962,677 |
| Balances at June 30, 2018..... | \$ 112,697,910 | \$ 1,720,104 | \$ 110,977,806 |

Sensitivity of the net OPEB liability to changes in the discount rate – The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 3.87%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate.

| | 1% Decrease (2.87%) | Current Discount Rate (3.87%) | 1% Increase (4.87%) |
|-------------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB liability..... | \$ 128,780,193 | \$ 110,977,806 | \$ 96,593,901 |

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate of 7.50% decreasing to an ultimate rate of 5.00%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

| | 1% Decrease | Current Trend | 1% Increase |
|-------------------------|---------------|----------------|----------------|
| Net OPEB liability..... | \$ 93,477,004 | \$ 110,977,806 | \$ 133,495,096 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the Town recognized OPEB expense of \$10,059,611. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| Deferred Category | Deferred Outflows of Resources | Deferred Inflows of Resources | Total |
|---|--------------------------------------|-------------------------------------|----------------|
| Differences between expected and actual experience..... | \$ - | \$ (7,476,595) | \$ (7,476,595) |
| Difference between projected and actual earnings..... | - | (20,812) | (20,812) |
| Changes in assumptions..... | 4,609,787 | - | 4,609,787 |
| Total deferred outflows/(inflows) of resources..... | \$ 4,609,787 | \$ (7,497,407) | \$ (2,887,620) |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement date year ended June 30:

| | |
|-----------|---------------------|
| 2019..... | \$ 483,004 |
| 2020..... | 483,004 |
| 2021..... | 483,004 |
| 2022..... | 483,004 |
| 2023..... | 477,801 |
| 2024..... | 477,803 |
| | <u>\$ 2,887,620</u> |

Changes of Assumptions

The discount rate was reduced from 4.22% to 3.87%.

Changes in Plan Provisions – None.

NOTE 12 – COMMITMENTS

The Town has entered into, or is planning to enter into, contracts totaling approximately \$6.0 million to complete the 2019 facilities master plan. \$5.5 million of the master plan relates to the Senior Center construction project and \$465,000 relates to the Kindergarten Center.

NOTE 13 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2018.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 31, 2018, which is the date the financial statements were available to be issued.

NOTE 15 – REVISION OF NET POSITION PREVIOUSLY REPORTED

Beginning net position of governmental activities, business-type activities and each applicable enterprise fund has been revised to reflect the implementation of GASB Statement #75. The revised balances are summarized in the following table:

| | 06/30/2017 Previously Reported Balances | Implementation of GASB #75 | 06/30/2017 Revised Balances |
|--|--|-------------------------------|-----------------------------------|
| Government-Wide Financial Statements | | | |
| Governmental activities..... | \$ 38,786,382 | \$ (44,271,149) | \$ (5,484,767) |
| Business-type activities..... | 54,359,756 | (187,511) | 54,172,245 |
| Total..... | <u>\$ 93,146,138</u> | <u>\$ (44,458,660)</u> | <u>\$ 48,687,478</u> |
| Business-type Activities - Enterprise Funds | | | |
| Water enterprise fund..... | \$ 27,720,137 | \$ (449,724) | \$ 27,270,413 |
| Sewer enterprise fund..... | 20,314,137 | 262,213 | 20,576,350 |
| Total..... | <u>\$ 48,034,274</u> | <u>\$ (187,511)</u> | <u>\$ 47,846,763</u> |

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2018, the following GASB pronouncements were implemented:

- GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.
- GASB Statement #81, *Irrevocable Split-Interest Agreements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #85, *Omnibus 2017*. This pronouncement did not impact the basic financial statements.
- GASB Statement #86, *Certain Debt Extinguishment Issues*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.
- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2019.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.
- The GASB issued Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which is required to be implemented in 2019.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2020.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

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Required Supplementary Information

General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the Town. It is used to account for all the financial resources, except those required to be accounted for in another fund.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

| | Budgeted Amounts | | | |
|---|---|-----------------------------------|----------------------|----------------------|
| | Amounts Carried Forward From Prior Year | Current Year Initial Budget | Original Budget | Final Budget |
| REVENUES: | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ - | \$ 72,239,461 | \$ 72,239,461 | \$ 72,239,461 |
| Tax liens..... | - | - | - | - |
| Motor vehicle and other excise taxes..... | - | 4,854,000 | 4,854,000 | 4,854,000 |
| Charges for services..... | - | 960,000 | 960,000 | 960,000 |
| Penalties and interest on taxes..... | - | 360,000 | 360,000 | 360,000 |
| Payments in lieu of taxes..... | - | 1,981,002 | 1,981,002 | 1,981,002 |
| Licenses and permits..... | - | 274,500 | 274,500 | 274,500 |
| Fines and forfeitures..... | - | 62,300 | 62,300 | 62,300 |
| Intergovernmental - state aid..... | - | 10,805,038 | 10,805,038 | 10,805,038 |
| Intergovernmental - other..... | - | - | - | - |
| Departmental and other..... | - | 1,365,134 | 1,365,134 | 1,365,134 |
| Investment income..... | - | 130,000 | 130,000 | 130,000 |
| TOTAL REVENUES..... | - | 93,031,435 | 93,031,435 | 93,031,435 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government..... | 54,581 | 2,454,088 | 2,508,669 | 2,689,126 |
| Public safety..... | 18,994 | 10,909,569 | 10,928,563 | 10,863,345 |
| Education..... | 40,191 | 47,706,443 | 47,746,634 | 47,637,234 |
| Public works..... | 239,006 | 4,703,413 | 4,942,419 | 5,961,677 |
| Health and human services..... | - | 1,251,875 | 1,251,875 | 1,246,768 |
| Culture and recreation..... | - | 1,042,157 | 1,042,157 | 1,052,157 |
| Support services..... | - | 1,713,639 | 1,713,639 | 1,755,837 |
| Pension benefits..... | - | 4,763,787 | 4,763,787 | 4,763,787 |
| Property and liability insurance..... | - | 520,300 | 520,300 | 371,935 |
| Employee benefits..... | - | 12,760,420 | 12,760,420 | 11,788,701 |
| State and county charges..... | - | 495,189 | 495,189 | 495,189 |
| Debt service: | | | | |
| Principal..... | - | 5,385,999 | 5,385,999 | 5,453,870 |
| Interest..... | - | 1,126,882 | 1,126,882 | 1,106,907 |
| TOTAL EXPENDITURES..... | 352,772 | 94,833,761 | 95,186,533 | 95,186,533 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | (352,772) | (1,802,326) | (2,155,098) | (2,155,098) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in..... | - | 1,652,326 | 1,652,326 | 1,652,326 |
| Transfers out..... | - | (4,674,831) | (4,674,831) | (4,674,831) |
| TOTAL OTHER FINANCING SOURCES (USES)..... | - | (3,022,505) | (3,022,505) | (3,022,505) |
| NET CHANGE IN FUND BALANCE..... | (352,772) | (4,824,831) | (5,177,603) | (5,177,603) |
| BUDGETARY FUND BALANCE, Beginning of year..... | - | 17,792,322 | 17,792,322 | 17,792,322 |
| BUDGETARY FUND BALANCE, End of year..... | \$ (352,772) | \$ 12,967,491 | \$ 12,614,719 | \$ 12,614,719 |

See notes to required supplementary information.

| Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
|--------------------------------|--|--------------------------------|
| \$ 71,940,432 | \$ - | \$ (299,029) |
| 393,321 | - | 393,321 |
| 5,694,558 | - | 840,558 |
| 1,038,719 | - | 78,719 |
| 503,459 | - | 143,459 |
| 2,031,715 | - | 50,713 |
| 265,889 | - | (8,611) |
| 59,046 | - | (3,254) |
| 10,907,264 | - | 102,226 |
| 343,124 | - | 343,124 |
| 1,871,433 | - | 506,299 |
| 269,534 | - | 139,534 |
| 95,318,494 | - | 2,287,059 |
| 2,664,038 | 25,088 | - |
| 10,642,311 | 20,652 | 200,382 |
| 47,443,969 | 186,671 | 6,594 |
| 5,810,403 | 50,132 | 101,142 |
| 1,142,900 | 342 | 103,526 |
| 1,049,179 | - | 2,978 |
| 1,746,592 | 3,000 | 6,245 |
| 4,763,787 | - | - |
| 371,321 | - | 614 |
| 11,044,232 | - | 744,469 |
| 520,922 | - | (25,733) |
| 5,453,870 | - | - |
| 1,106,907 | - | - |
| 93,760,431 | 285,885 | 1,140,217 |
| 1,558,063 | (285,885) | 3,427,276 |
| 1,652,326 | - | - |
| (4,674,831) | - | - |
| (3,022,505) | - | - |
| (1,464,442) | (285,885) | 3,427,276 |
| 17,792,322 | - | - |
| \$ 16,327,880 | \$ (285,885) | \$ 3,427,276 |

Pension Plan Schedules

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the City along with related ratios.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
ESSEX REGIONAL RETIREMENT SYSTEM**

| <u>Year</u> | <u>Proportion of the net pension liability (asset)</u> | <u>Proportionate share of the net pension liability (asset)</u> | <u>Covered payroll</u> | <u>Net pension liability as a percentage of covered payroll</u> | <u>Plan fiduciary net position as a percentage of the total pension liability</u> |
|------------------------|--|---|----------------------------|---|---|
| December 31, 2017..... | 15.29% | \$ 57,570,919 | \$ 20,639,250 | 278.94% | 55.40% |
| December 31, 2016..... | 15.08% | 58,098,928 | 20,203,810 | 287.56% | 51.12% |
| December 31, 2015..... | 14.82% | 53,845,435 | 19,581,065 | 274.99% | 51.01% |
| December 31, 2014..... | 14.66% | 49,719,115 | 18,809,056 | 264.34% | 52.27% |

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
ESSEX REGIONAL RETIREMENT SYSTEM**

| Year | Actuarially determined contribution | Contributions in relation to the actuarially determined contribution | Contribution deficiency (excess) | Covered payroll | Contributions as a percentage of covered payroll |
|--------------------|---|--|--|--------------------|---|
| June 30, 2018..... | \$ 4,763,787 | \$ (4,769,727) | \$ (5,940) | \$ 20,897,241 | 22.82% |
| June 30, 2017..... | 4,369,169 | (4,370,760) | (1,591) | 20,456,358 | 21.37% |
| June 30, 2016..... | 4,071,413 | (4,100,517) | (29,104) | 19,825,828 | 20.68% |
| June 30, 2015..... | 3,759,115 | (3,759,115) | - | 19,044,169 | 19.74% |

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

| <u>Year</u> | <u>Commonwealth's 100% Share of the Associated Net Pension Liability</u> | <u>Expense and Revenue Recognized for the Commonwealth's Support</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u> |
|-------------|--|--|---|
| 2018..... | \$ 88,529,957 | \$ 9,240,129 | 54.25% |
| 2017..... | 93,180,709 | 9,505,043 | 52.73% |
| 2016..... | 86,270,207 | 6,997,282 | 55.38% |
| 2015..... | 65,734,720 | 4,566,906 | 61.64% |

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

| | June 30, 2017 | June 30, 2018 |
|---|-----------------------|-----------------------|
| Total OPEB Liability | | |
| Service Cost..... | \$ 8,094,690 | \$ 5,881,723 |
| Interest..... | 4,469,429 | 4,770,917 |
| Differences between expected and actual experience.... | (8,910,359) | (8,722,694) |
| Changes of assumptions..... | (21,769,598) | 5,378,085 |
| Benefit payments..... | (3,502,197) | (3,530,124) |
| Net change in total OPEB liability..... | (21,618,035) | 3,777,907 |
| Total OPEB liability - beginning..... | 130,538,038 | 108,920,003 |
| Total OPEB liability - ending (a)..... | \$ 108,920,003 | \$ 112,697,910 |
| Plan fiduciary net position | | |
| Employer contributions..... | \$ 300,000 | \$ 700,000 |
| Employer contributions for OPEB payments..... | 3,502,197 | 3,530,124 |
| Net investment income..... | 86,764 | 115,230 |
| Benefit payments..... | (3,502,197) | (3,530,124) |
| Net change in plan fiduciary net position..... | 386,764 | 815,230 |
| Plan fiduciary net position - beginning of year..... | 518,110 | 904,874 |
| Plan fiduciary net position - end of year (b)..... | \$ 904,874 | \$ 1,720,104 |
| Net OPEB liability - ending (a)-(b)..... | \$ 108,015,129 | \$ 110,977,806 |
| Plan fiduciary net position as a percentage of the total OPEB liability..... | 0.83% | 1.53% |
| Covered-employee payroll..... | \$ 55,112,283 | \$ 56,765,651 |
| Net OPEB liability as a percentage of covered-employee payroll..... | 195.99% | 195.50% |

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for
which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

| <u>Year</u> | <u>Actuarially determined contribution</u> | <u>Contributions in relation to the actuarially determined contribution</u> | <u>Contribution deficiency (excess)</u> | <u>Covered- employee payroll</u> | <u>Contributions as a percentage of covered- employee payroll</u> |
|--------------------|--|---|---|--------------------------------------|---|
| June 30, 2018..... | \$ 7,452,982 | \$ (4,230,127) | \$ 3,222,855 | \$ 56,765,651 | 7.45% |
| June 30, 2017..... | 7,040,857 | (3,802,197) | 3,238,660 | 55,112,283 | 6.90% |

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

| <u>Year</u> | <u>Annual money-weighted rate of return, net of investment expense</u> |
|--------------------|--|
| June 30, 2018..... | 7.46% |
| June 30, 2017..... | 10.96% |

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**1. Budgetary Information**

Municipal Law requires the Town to adopt a balanced budget that is approved by Town Meeting. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any individual line item, adopts the expenditure budget by majority vote. Increases or transfers between departments subsequent to the approval of the annual budget, requires majority Town Meeting approval via a supplemental appropriation.

The majority of the Town's appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by majority vote of the Town Meeting.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The original 2018 approved budget for the general fund authorized \$99.9 million in appropriations and other amounts to be raised. The Town did not approve supplemental appropriations during the year.

The Town Accountant's office has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation account basis. Budgetary control is exercised through the Town's accounting system.

2. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth of Massachusetts) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2018, is presented below:

| | |
|--|------------------------------|
| Net change in fund balance - budgetary basis..... | \$ (1,464,442) |
| <u>Perspective differences:</u> | |
| Activity of the stabilization fund recorded in the general fund for GAAP..... | (664,571) |
| <u>Basis of accounting differences:</u> | |
| Net change in recording tax refunds payable..... | 16,392 |
| Net change in recording 60 day receipts..... | 218,698 |
| Recognition of revenue for on-behalf payments..... | 9,240,129 |
| Recognition of expenditures for on-behalf payments..... | <u>(9,240,129)</u> |
| Net change in fund balance - GAAP basis..... | \$ <u><u>(1,893,923)</u></u> |

3. Appropriation Deficits

During 2018, actual expenditures exceeded appropriations for state and county charges. State and county charges are assessments from the Commonwealth, which are directly deducted from local receipts provided by the state. This over-expenditure will be funded by the subsequent years' tax levy.

NOTE B – PENSION PLAN

A. Schedule of the Town's Proportionate Share of the Net Pension Liability

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the Town's allocated percentage of the net pension liability (asset), the Town's proportionate share of the net pension liability, and the Town's covered employee payroll. It also demonstrates the Town's net position as a percentage of the Town's pension liability and the Town's net pension liability as a percentage of the Town's covered payroll.

B. Schedule of Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The Town's appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The Town's appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual Town contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes of Assumptions

Changes of assumptions included a decrease in the discount rate from 7.75% to 7.50%, the inflation rate was lowered from 4.00% to 2.75%, and the assumed interest on employee contributions was increased from 2.00% to 3.75%. The retirement rates for employees in Groups 1 and 2 hired after April 1, 2012 and in Group 4 were revised to match the rates for employees hired before April 1, 2012 and there were minor changes to the rates prior to age 54 for Group 4 employees. The percentage of accidental disability retirees who are expected to die from the same cause as the disability was lowered from 40% to 20% for groups 1 and 2 employees and increased from 40% to 60% for Group 4 employees. The allowance for net 3(8)(c) payments was changed from an estimated liability to a term cost added to the service cost and the administrative expense assumption was lowered from \$1,127,500 to \$1,000,000.

E. Changes of Plan Provisions - None

NOTE C – OTHER POSTEMPLOYMENT BENEFITS PLAN

The Town administers a single-employer defined benefit healthcare plan (“The Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

The Other Postemployment Benefit Plan**A. The Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios**

The Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan’s total OPEB liability, changes in the Plan’s net position, and ending net OPEB liability. It also demonstrates the Plan’s net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered employee payroll.

B. Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered-employee payroll. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are as follows:

| | |
|------------------------------------|--|
| Valuation date..... | June 30, 2017; liabilities as of June 30, 2018 are projected from the June 30, 2017 valuation. |
| Actuarial cost method..... | Entry Age Normal Level % of Salary |
| Discount rate..... | 3.87% as June 30, 2018 and 4.22% as of June 30, 2017. |
| Healthcare cost trend rate..... | 7.5% for Pre-65 and 6.5% for Post-65. Both decreasing by 0.5% annually to an ultimate rate of 5.0%. |
| Inflation rate..... | 1.3% per year |
| Payroll growth..... | General wage inflation plus merit/productivity increases, based on the Public Employee Retirement Administration Commission's Commonwealth of Massachusetts actuarial valuation as of January 1, 2016. |
| Remaining amortization period..... | 30 years, open basis |
| Mortality rates..... | RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016 (RPH-2016 table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2016 using MP-2016 improvement.) |

C. Schedule of Investment Return

The Schedule of Investment Returns includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

D. Changes of Assumptions

None.

E. Changes in Provisions

None.

Combining and Individual Fund Statements

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Municipal Federal and State Grants – This fund is used to account for grant funds received from state and federal governments which are designated for specific non-school related programs.

Education Federal and State Grants – This fund is used to account for grant funds received from state and federal governments which are designated for specific education related programs.

Receipts Reserved for Appropriation – This fund is used to account for receipts from a specific revenue source that by law is accounted for separately from the general fund and must be spent by appropriation.

Municipal Revolving Funds – This fund is used to account for various municipal department's revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and other applicable statutes.

Education Revolving Funds – This fund is used to account for the school department's revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and Chapter 71.

School Lunch Funds – This fund is used to account for all cafeteria activities and is funded by user charges, federal and state grants, and commodities received.

Other Special Revenue Funds – This fund is used to account for the activity of donated funds, gifts, and public safety details.

Affordable Housing Trust Fund – This fund is used to account for activities relating to the preservation and creation of affordable housing in the Town.

Other Trust Funds – This fund is used to account for activities of conservation and public safety trust funds.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Education Capital Projects – This fund is used to account for the acquisition of school related capital assets that are funded through both appropriations and borrowing.

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2018

| <i>Special Revenue Funds</i> | | | | |
|---|--|--|---|---------------------------------|
| | Municipal Federal and State Grants | Education Federal and State Grants | Receipts Reserved for Appropriation | Municipal Revolving Funds |
| ASSETS | | | | |
| Cash and cash equivalents..... | \$ 212,018 | \$ - | \$ 486,678 | \$ 741,284 |
| Investments..... | - | - | - | - |
| Receivables, net of uncollectibles: | | | | |
| Departmental and other..... | - | - | - | 118,636 |
| Intergovernmental..... | - | 287,990 | - | - |
| TOTAL ASSETS..... | \$ 212,018 | \$ 287,990 | \$ 486,678 | \$ 859,920 |
| LIABILITIES | | | | |
| Due to other funds..... | \$ - | \$ 237,398 | \$ - | \$ - |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue..... | - | - | - | 118,636 |
| FUND BALANCES | | | | |
| Restricted..... | 212,018 | 50,592 | 486,678 | 741,284 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES..... | \$ 212,018 | \$ 287,990 | \$ 486,678 | \$ 859,920 |

Special Revenue Funds

| <u>Education Revolving Funds</u> | <u>School Lunch Funds</u> | <u>Other Special Revenue Funds</u> | <u>Affordable Housing Trust Fund</u> | <u>Other Trust Funds</u> | <u>Subtotal</u> |
|--|-------------------------------|--|--|----------------------------------|---------------------|
| \$ 1,062,293 | \$ 42,067 | \$ 1,199,541 | \$ 541,107 | \$ 161,518 | \$ 4,446,506 |
| - | - | - | - | 805,166 | 805,166 |
| - | - | - | - | - | 118,636 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>287,990</u> |
| <u>\$ 1,062,293</u> | <u>\$ 42,067</u> | <u>\$ 1,199,541</u> | <u>\$ 541,107</u> | <u>\$ 966,684</u> | <u>\$ 5,658,298</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 237,398</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>118,636</u> |
| <u>1,062,293</u> | <u>42,067</u> | <u>1,199,541</u> | <u>541,107</u> | <u>966,684</u> | <u>5,302,264</u> |
| <u>\$ 1,062,293</u> | <u>\$ 42,067</u> | <u>\$ 1,199,541</u> | <u>\$ 541,107</u> | <u>\$ 966,684</u> | <u>\$ 5,658,298</u> |

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2018

| | <i>Capital Project Funds</i> | | Total Nonmajor Governmental Funds |
|---|---|-----------|--|
| | Education Capital Projects | | |
| ASSETS | | | |
| Cash and cash equivalents..... | \$ 25,073 | \$ | 4,471,579 |
| Investments..... | - | | 805,166 |
| Receivables, net of uncollectibles: | | | |
| Departmental and other..... | - | | 118,636 |
| Intergovernmental - other..... | - | | 287,990 |
| TOTAL ASSETS..... | \$ 25,073 | \$ | 5,683,371 |
| LIABILITIES | | | |
| Due to other funds..... | \$ - | \$ | 237,398 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue..... | - | | 118,636 |
| FUND BALANCES | | | |
| Restricted..... | 25,073 | | 5,327,337 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES..... | \$ 25,073 | \$ | 5,683,371 |

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NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2018

| | <i>Special Revenue Funds</i> | | | |
|---|--|--|---|---------------------------------|
| | Municipal Federal and State Grants | Education Federal and State Grants | Receipts Reserved for Appropriation | Municipal Revolving Funds |
| REVENUES: | | | | |
| Charges for services..... | \$ - | \$ - | \$ - | \$ 966,515 |
| Payments in lieu of taxes..... | - | - | - | - |
| Licenses and permits..... | - | - | 45,330 | 109,560 |
| Intergovernmental..... | 195,406 | 3,285,696 | - | - |
| Departmental and other..... | - | - | - | 32,948 |
| Contributions and donations..... | - | 2,000 | - | 437,380 |
| Investment income..... | 38 | - | - | - |
| TOTAL REVENUES..... | 195,444 | 3,287,696 | 45,330 | 1,546,403 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government..... | 13,155 | - | 30,684 | 52,688 |
| Public safety..... | 96,786 | - | - | 970,370 |
| Education..... | - | 3,246,301 | - | - |
| Public works..... | 183 | - | - | 774 |
| Health and human services..... | 51,846 | - | - | 427,358 |
| Culture and recreation..... | 32,809 | - | - | - |
| TOTAL EXPENDITURES..... | 194,779 | 3,246,301 | 30,684 | 1,451,190 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | 665 | 41,395 | 14,646 | 95,213 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Issuance of bonds..... | - | - | - | - |
| Premium from issuance of bonds..... | - | - | 9,231 | - |
| Transfers in..... | - | - | - | - |
| Transfers out..... | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES)..... | - | - | 9,231 | - |
| NET CHANGE IN FUND BALANCES..... | 665 | 41,395 | 23,877 | 95,213 |
| FUND BALANCES AT BEGINNING OF YEAR..... | 211,353 | 9,197 | 462,801 | 646,071 |
| FUND BALANCES AT END OF YEAR..... | \$ 212,018 | \$ 50,592 | \$ 486,678 | \$ 741,284 |

Special Revenue Funds

| Education Revolving Funds | School Lunch Funds | Other Special Revenue Funds | Affordable Housing Trust Fund | Other Trust Funds | Subtotal |
|---------------------------------|-----------------------|-----------------------------------|-------------------------------------|-------------------------|---------------------|
| \$ 2,485,296 | \$ 791,055 | \$ - | \$ - | \$ - | \$ 4,242,866 |
| - | - | 151,751 | - | - | 151,751 |
| - | - | - | - | - | 154,890 |
| - | 507,973 | 411,373 | 100,000 | - | 4,500,448 |
| 33,437 | 64 | 298,446 | 122,000 | - | 486,895 |
| 151,055 | - | 88,738 | - | - | 679,173 |
| - | - | - | 4,384 | 90,812 | 95,234 |
| <u>2,669,788</u> | <u>1,299,092</u> | <u>950,308</u> | <u>226,384</u> | <u>90,812</u> | <u>10,311,257</u> |
| - | - | 256,623 | - | - | 353,150 |
| - | - | 5,069 | - | 27,240 | 1,099,465 |
| 2,575,114 | 1,306,074 | 411,523 | - | - | 7,539,012 |
| - | - | 62,368 | - | - | 63,325 |
| - | - | 24,667 | 621,590 | - | 1,125,461 |
| - | - | 27,302 | - | - | 60,111 |
| <u>2,575,114</u> | <u>1,306,074</u> | <u>787,552</u> | <u>621,590</u> | <u>27,240</u> | <u>10,240,524</u> |
| <u>94,674</u> | <u>(6,982)</u> | <u>162,756</u> | <u>(395,206)</u> | <u>63,572</u> | <u>70,733</u> |
| - | - | - | - | - | - |
| - | - | 1,338 | - | - | 10,569 |
| - | - | - | - | - | - |
| - | - | (148,536) | - | - | (148,536) |
| - | - | (147,198) | - | - | (137,967) |
| 94,674 | (6,982) | 15,558 | (395,206) | 63,572 | (67,234) |
| <u>967,619</u> | <u>49,049</u> | <u>1,183,983</u> | <u>936,313</u> | <u>903,112</u> | <u>5,369,498</u> |
| \$ <u>1,062,293</u> | \$ <u>42,067</u> | \$ <u>1,199,541</u> | \$ <u>541,107</u> | \$ <u>966,684</u> | \$ <u>5,302,264</u> |

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2018

| | <i>Capital Project Funds</i> | Total Nonmajor Governmental Funds |
|---|---|--|
| | Education Capital Projects | |
| REVENUES: | | |
| Charges for services..... | \$ - | \$ 4,242,866 |
| Payments in lieu of taxes..... | - | 151,751 |
| Licenses and permits..... | - | 154,890 |
| Intergovernmental - other..... | - | 4,500,448 |
| Departmental and other..... | - | 486,895 |
| Contributions and donations..... | - | 679,173 |
| Investment income..... | - | 95,234 |
| TOTAL REVENUES..... | - | 10,311,257 |
| EXPENDITURES: | | |
| Current: | | |
| General government..... | - | 353,150 |
| Public safety..... | - | 1,099,465 |
| Education..... | 884,579 | 8,423,591 |
| Public works..... | - | 63,325 |
| Health and human services..... | - | 1,125,461 |
| Culture and recreation..... | - | 60,111 |
| TOTAL EXPENDITURES..... | 884,579 | 11,125,103 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | (884,579) | (813,846) |
| OTHER FINANCING SOURCES (USES): | | |
| Issuance of bonds..... | 77,877 | 77,877 |
| Premium from issuance of bonds..... | - | 10,569 |
| Transfers in..... | 769,553 | 769,553 |
| Transfers out..... | - | (148,536) |
| TOTAL OTHER FINANCING SOURCES (USES)..... | 847,430 | 709,463 |
| NET CHANGE IN FUND BALANCES..... | (37,149) | (104,383) |
| FUND BALANCES AT BEGINNING OF YEAR..... | 62,222 | 5,431,720 |
| FUND BALANCES AT END OF YEAR..... | \$ 25,073 | \$ 5,327,337 |

Agency Fund

This fund is used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. The majority of the assets in the agency fund relate to conservation, highway and planning board bid deposits as well as student activity deposits.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2018

| | June 30, 2017 | Additions | Deletions | June 30, 2018 |
|---------------------------------|------------------|--------------|----------------|------------------|
| ASSETS | | | | |
| CURRENT: | | | | |
| Cash and cash equivalents..... | \$ 3,864,314 | \$ 1,554,817 | \$ (1,401,163) | \$ 4,017,968 |
| LIABILITIES | | | | |
| Liabilities due depositors..... | \$ 3,864,314 | \$ 1,554,817 | \$ (1,401,163) | \$ 4,017,968 |

Statistical Section



Joseph N. Hermann Youth Center

Statistical Section

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

- These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

- These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Net Positions By Component

Last Ten Years

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets..... | \$ 98,988,296 | \$ 100,868,439 | \$ 102,754,256 | \$ 105,155,466 | \$ 106,453,985 | \$ 106,117,880 | \$ 108,245,924 | \$ 107,911,523 | \$ 107,700,827 | \$ 110,485,609 |
| Restricted..... | 8,753,852 | 6,539,198 | 7,574,263 | 8,225,177 | 8,207,148 | 9,444,583 | 9,473,982 | 8,704,385 | 8,329,173 | 8,869,786 |
| Unrestricted..... | <u>3,498,800</u> | <u>(2,610,402)</u> | <u>(11,696,666)</u> | <u>(17,137,468)</u> | <u>(20,131,341)</u> | <u>(20,876,449)</u> | <u>(71,682,791)</u> | <u>(73,466,011)</u> | <u>(77,243,618)</u> | <u>(126,705,047)</u> |
| Total governmental activities net position..... | <u>\$ 111,240,948</u> | <u>\$ 104,797,235</u> | <u>\$ 98,631,853</u> | <u>\$ 96,243,175</u> | <u>\$ 94,529,792</u> | <u>\$ 94,686,014</u> | <u>\$ 46,037,115</u> | <u>\$ 43,149,897</u> | <u>\$ 38,786,382</u> | <u>\$ (7,349,652)</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets..... | \$ 32,209,814 | \$ 32,898,415 | \$ 36,443,088 | \$ 37,264,739 | \$ 40,243,610 | \$ 42,012,200 | \$ 43,397,442 | \$ 43,893,005 | \$ 44,574,791 | \$ 44,580,411 |
| Unrestricted..... | <u>1,616,637</u> | <u>3,608,473</u> | <u>2,479,721</u> | <u>4,418,053</u> | <u>4,273,747</u> | <u>5,533,117</u> | <u>5,017,844</u> | <u>8,137,954</u> | <u>9,784,965</u> | <u>11,771,186</u> |
| Total business-type activities net position..... | <u>\$ 33,826,451</u> | <u>\$ 36,506,888</u> | <u>\$ 38,922,809</u> | <u>\$ 41,682,792</u> | <u>\$ 44,517,357</u> | <u>\$ 47,545,317</u> | <u>\$ 48,415,286</u> | <u>\$ 52,030,959</u> | <u>\$ 54,359,756</u> | <u>\$ 56,351,597</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets..... | \$ 131,198,110 | \$ 133,766,854 | \$ 139,197,344 | \$ 142,420,205 | \$ 146,697,595 | \$ 148,130,080 | \$ 151,643,366 | \$ 151,804,528 | \$ 152,275,618 | \$ 155,066,020 |
| Restricted..... | 8,753,852 | 6,539,198 | 7,574,263 | 8,225,177 | 8,207,148 | 9,444,583 | 8,473,982 | 8,704,385 | 8,329,173 | 8,869,786 |
| Unrestricted..... | <u>5,115,437</u> | <u>998,071</u> | <u>(9,216,945)</u> | <u>(12,719,415)</u> | <u>(15,857,594)</u> | <u>(15,343,332)</u> | <u>(66,664,947)</u> | <u>(65,328,057)</u> | <u>(67,458,653)</u> | <u>(114,933,861)</u> |
| Total primary government net position..... | <u>\$ 145,067,399</u> | <u>\$ 141,304,123</u> | <u>\$ 137,554,662</u> | <u>\$ 137,925,967</u> | <u>\$ 139,047,149</u> | <u>\$ 142,231,331</u> | <u>\$ 93,452,401</u> | <u>\$ 95,180,856</u> | <u>\$ 93,146,138</u> | <u>\$ 49,001,945</u> |

* The Town implemented GASB Statement #68 related to Pension Accounting in 2015 which accounts for the significant decrease in Net Position compared to prior years.

Changes in Net Positions

Last Ten Years

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government..... | \$ 4,123,262 | \$ 4,021,067 | \$ 4,559,013 | \$ 3,794,618 | \$ 3,665,170 | \$ 3,685,321 | \$ 3,682,360 | \$ 4,239,113 | \$ 4,239,113 | \$ 4,845,309 |
| Public safety..... | 14,509,962 | 14,654,536 | 15,134,400 | 14,825,939 | 15,017,342 | 15,242,286 | 15,498,592 | 16,423,843 | 16,423,843 | 16,913,816 |
| Education..... | 64,495,293 | 66,409,142 | 70,860,920 | 69,540,668 | 70,340,318 | 70,591,546 | 69,182,129 | 74,777,232 | 78,892,166 | 82,144,460 |
| Public works..... | 7,382,073 | 6,227,974 | 6,485,227 | 5,715,405 | 6,963,935 | 6,719,915 | 7,659,238 | 8,202,158 | 8,394,604 | 8,451,311 |
| Health and human services..... | 2,041,742 | 2,054,742 | 2,080,778 | 2,146,195 | 2,162,118 | 2,228,573 | 2,420,603 | 2,706,412 | 2,544,477 | 2,909,938 |
| Culture and recreation..... | 2,052,225 | 2,109,924 | 2,192,035 | 2,015,651 | 1,679,351 | 1,453,223 | 2,530,792 | 2,636,723 | 3,017,523 | 2,931,796 |
| Support services..... | - | - | - | 1,266,046 | 1,281,204 | 1,444,333 | 1,914,306 | 1,834,555 | 2,027,764 | 2,217,361 |
| Interest..... | 1,202,891 | 1,506,325 | 1,370,287 | 1,354,251 | 1,192,955 | 1,025,900 | 1,004,030 | 970,827 | 993,993 | 1,011,461 |
| Total government activities expenses..... | 95,807,448 | 96,983,710 | 102,682,660 | 100,658,773 | 102,302,393 | 102,391,097 | 103,892,050 | 111,790,863 | 116,533,483 | 121,425,452 |
| Business-type activities: | | | | | | | | | | |
| Water..... | 3,591,641 | 2,972,303 | 3,188,559 | 3,180,102 | 3,033,371 | 3,200,373 | 3,463,307 | 3,236,724 | 3,370,729 | 3,870,943 |
| Sewer..... | 3,878,647 | 3,644,464 | 3,877,585 | 3,572,401 | 3,517,562 | 3,238,708 | 3,481,106 | 3,286,077 | 3,678,529 | 3,520,665 |
| Osgood Hill..... | 381,463 | 259,595 | 325,092 | 295,606 | 332,189 | 344,001 | 386,961 | 383,508 | 416,798 | 423,346 |
| Total business-type activities expenses..... | 7,851,751 | 6,876,362 | 7,391,236 | 7,048,109 | 6,883,122 | 6,783,082 | 7,331,374 | 6,906,309 | 7,466,056 | 7,814,954 |
| Total primary government expenses..... | \$ 103,659,199 | \$ 103,860,072 | \$ 110,073,896 | \$ 107,706,882 | \$ 109,185,515 | \$ 109,174,179 | \$ 111,223,424 | \$ 118,697,172 | \$ 123,999,539 | \$ 129,240,406 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Public safety charges for services..... | \$ 2,682,759 | \$ 2,266,216 | \$ 2,536,254 | \$ 2,851,539 | \$ 2,798,269 | \$ 2,495,472 | \$ 2,943,349 | \$ 3,548,098 | \$ 3,623,178 | \$ 3,497,891 |
| Education charges for services..... | 3,204,499 | 3,229,655 | 3,165,842 | 3,443,280 | 3,409,555 | 3,648,664 | 3,304,534 | 3,482,776 | 3,370,407 | 3,589,712 |
| Other charges for services..... | 670,781 | 716,819 | 862,199 | 875,080 | 767,042 | 866,165 | 823,967 | 839,966 | 828,526 | 1,243,402 |
| Education operating grants and contributions..... | 14,454,951 | 15,206,781 | 17,480,918 | 16,720,192 | 17,289,331 | 17,983,068 | 15,410,239 | 18,949,612 | 19,371,562 | 22,047,490 |
| Other operating grants and contributions..... | 2,048,360 | 1,241,709 | 1,372,095 | 1,489,093 | 1,302,947 | 1,010,960 | 1,220,657 | 1,381,661 | 1,062,560 | 1,261,712 |
| Education capital grants and contributions..... | - | - | - | 960,154 | 696,209 | 30,932 | - | - | - | - |
| Public works capital grants and contributions..... | 2,235,219 | 455,022 | 1,026,557 | - | 1,449,134 | 949,933 | 497,030 | 1,064,924 | 822,193 | 815,313 |
| Other capital grants and contributions..... | 7,792 | - | 829,740 | 579,896 | 411,518 | 826,907 | 583,619 | 472,256 | - | - |
| Total government activities program revenues..... | 25,304,361 | 23,116,202 | 27,273,605 | 26,919,234 | 28,124,005 | 27,812,101 | 24,783,395 | 29,739,293 | 29,078,426 | 32,455,520 |
| Business-type activities: | | | | | | | | | | |
| Water charges for services..... | 4,541,749 | 5,327,867 | 5,750,569 | 5,436,873 | 5,387,685 | 5,237,290 | 5,550,719 | 5,977,800 | 5,725,723 | 5,696,947 |
| Sewer charges for services..... | 4,294,388 | 4,682,139 | 4,797,301 | 5,015,808 | 4,964,813 | 4,945,962 | 5,014,766 | 5,265,490 | 4,931,546 | 5,202,164 |
| Osgood Hill charges for services..... | 193,103 | 285,188 | 239,200 | 280,068 | 335,770 | 337,551 | 482,778 | 526,754 | 434,083 | 460,254 |
| Other operating grants and contributions..... | 201,398 | 177,861 | 141,724 | 234,388 | 127,545 | 122,529 | 112,149 | 37,003 | 44,413 | 138,731 |
| Osgood Hill capital grants and contributions..... | - | - | - | - | - | - | - | 121,434 | 100,749 | - |
| Total business-type activities program revenues..... | 9,230,638 | 10,473,055 | 10,928,794 | 10,967,137 | 10,815,813 | 10,643,332 | 11,160,412 | 11,928,481 | 11,236,514 | 11,498,096 |
| Total primary government program revenues..... | \$ 34,534,999 | \$ 33,589,257 | \$ 38,202,399 | \$ 37,886,371 | \$ 38,939,818 | \$ 38,455,433 | \$ 35,943,807 | \$ 41,667,774 | \$ 40,314,940 | \$ 43,953,616 |
| Net (Expense)/Program Revenue | | | | | | | | | | |
| Governmental activities..... | \$ (70,503,087) | \$ (73,867,508) | \$ (75,409,055) | \$ (73,739,539) | \$ (74,178,388) | \$ (74,578,996) | \$ (79,108,655) | \$ (82,051,570) | \$ (89,776,208) | \$ (88,969,932) |
| Business-type activities..... | 1,378,887 | 3,596,693 | 3,537,558 | 3,919,028 | 3,932,691 | 3,860,250 | 3,829,038 | 5,022,172 | 3,770,458 | 3,683,142 |
| Total primary government net (expense)/program revenue..... | \$ (69,124,200) | \$ (70,270,815) | \$ (71,871,497) | \$ (69,820,511) | \$ (70,245,697) | \$ (70,718,746) | \$ (75,279,617) | \$ (77,029,398) | \$ (86,005,750) | \$ (85,286,790) |

(Continued)

Changes in Net Positions

Last Ten Years

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| General Revenues and other Changes in Net Positions | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Real estate and personal property taxes, net of tax refunds payable..... | \$ 54,443,171 | \$ 55,855,205 | \$ 57,726,043 | \$ 60,060,304 | \$ 60,284,114 | \$ 62,195,623 | \$ 63,877,139 | \$ 66,710,623 | \$ 71,247,551 | \$ 72,306,916 |
| Tax liens..... | 85,265 | 908,371 | 576,219 | 355,176 | 401,204 | 570,085 | 698,405 | 206,966 | 281,888 | 380,967 |
| Motor vehicle and other excise taxes..... | 4,033,853 | 3,165,811 | 3,748,360 | 3,923,189 | 4,462,710 | 4,673,160 | 4,957,476 | 5,174,947 | 5,723,458 | 5,535,952 |
| Penalties and interest on taxes..... | 307,534 | 277,662 | 223,861 | 258,471 | 316,019 | 501,903 | 390,837 | 517,616 | 375,194 | 503,459 |
| Payment in lieu of taxes..... | 1,815,176 | 1,838,821 | 1,867,094 | 1,903,510 | 1,974,424 | 2,008,020 | 1,975,835 | 2,012,598 | 2,057,136 | 2,183,466 |
| Community preservation taxes..... | 511,703 | 1,263,566 | 1,312,401 | 1,363,553 | 1,390,831 | 1,433,013 | 1,466,141 | 1,532,548 | 1,605,585 | 1,686,032 |
| Grants and contributions not restricted to specific programs..... | 3,847,997 | 2,748,904 | 2,222,543 | 2,133,066 | 2,338,662 | 2,279,506 | 2,368,601 | 2,351,147 | 2,388,341 | 2,564,352 |
| Unrestricted investment income..... | 504,476 | 449,199 | 445,515 | 194,547 | 198,915 | 241,618 | 206,490 | 251,408 | 291,879 | 440,113 |
| Gain on sale of capital assets..... | - | - | - | - | - | - | 175,692 | - | - | - |
| Transfers..... | 807,971 | 916,256 | 1,121,637 | 1,159,045 | 1,098,126 | 832,290 | 1,345,945 | 1,406,499 | 1,441,661 | 1,503,790 |
| Total governmental activities..... | 66,357,146 | 67,423,795 | 69,243,673 | 71,350,861 | 72,465,005 | 74,735,218 | 77,462,561 | 80,164,352 | 85,412,693 | 87,105,047 |
| Business-type activities: | | | | | | | | | | |
| Transfers..... | (807,971) | (916,256) | (1,121,637) | (1,159,045) | (1,098,126) | (832,290) | (1,345,945) | (1,406,499) | (1,441,661) | (1,503,790) |
| Total primary government general revenues and other changes in net positions..... | <u>\$ 65,549,175</u> | <u>\$ 66,507,539</u> | <u>\$ 68,122,036</u> | <u>\$ 70,191,816</u> | <u>\$ 71,366,879</u> | <u>\$ 73,902,928</u> | <u>\$ 76,116,616</u> | <u>\$ 78,757,853</u> | <u>\$ 83,971,032</u> | <u>\$ 85,601,257</u> |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities..... | \$ (4,145,941) | \$ (6,443,713) | \$ (6,165,382) | \$ (2,388,678) | \$ (1,713,383) | \$ 156,222 | \$ (1,646,094) | \$ (1,887,218) | \$ (4,363,515) | \$ (1,864,885) |
| Business-type activities..... | 570,916 | 2,680,437 | 2,415,921 | 2,759,983 | 2,834,565 | 3,027,960 | 2,483,093 | 3,615,673 | 2,328,797 | 2,179,352 |
| Total primary government changes in net positions..... | <u>\$ (3,575,025)</u> | <u>\$ (3,763,276)</u> | <u>\$ (3,749,461)</u> | <u>\$ 371,305</u> | <u>\$ 1,121,182</u> | <u>\$ 3,184,182</u> | <u>\$ 836,999</u> | <u>\$ 1,728,455</u> | <u>\$ (2,034,718)</u> | <u>\$ 314,467</u> |

* In 2012, the Town consolidated support services into a separate functional line-item. Prior to 2012, support services were blended within the general government functional line-item.

(Concluded)

Fund Balances, Governmental Funds

Last Ten Years

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <hr/> | | | | | | | | | | |
| General Fund | | | | | | | | | | |
| Reserved..... | \$ 1,422,665 | \$ 1,369,510 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved..... | 168,993 | 658,689 | - | - | - | - | - | - | - | - |
| Restricted..... | - | - | 1,033,892 | 964,966 | 896,040 | 762,324 | 693,398 | 624,472 | 555,546 | 486,619 |
| Assigned..... | - | - | 184,314 | 411,861 | 173,989 | 366,486 | 293,410 | 1,120,696 | 5,177,603 | 2,197,046 |
| Unassigned..... | - | - | 3,455,866 | 5,412,549 | 6,618,601 | 8,981,055 | 12,953,601 | 18,029,311 | 18,899,670 | 20,055,231 |
| Total general fund..... | <u>\$ 1,591,658</u> | <u>\$ 2,028,199</u> | <u>\$ 4,674,072</u> | <u>\$ 6,789,376</u> | <u>\$ 7,688,630</u> | <u>\$ 10,109,865</u> | <u>\$ 13,940,409</u> | <u>\$ 19,774,479</u> | <u>\$ 24,632,819</u> | <u>\$ 22,738,896</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved..... | \$ 29,028 | \$ 29,111 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds..... | 9,953,042 | 9,055,517 | - | - | - | - | - | - | - | - |
| Capital projects funds..... | 2,107,039 | 3,163,123 | - | - | - | - | - | - | - | - |
| Permanent funds..... | 447,756 | 459,616 | - | - | - | - | - | - | - | - |
| Restricted..... | - | - | 10,344,631 | 11,744,070 | 9,735,016 | 14,050,760 | 15,212,059 | 14,794,417 | 16,180,860 | 17,027,785 |
| Unassigned..... | - | - | - | - | (193,926) | - | - | - | - | - |
| Total all other governmental funds..... | <u>\$ 12,536,865</u> | <u>\$ 12,707,367</u> | <u>\$ 10,344,631</u> | <u>\$ 11,744,070</u> | <u>\$ 9,541,090</u> | <u>\$ 14,050,760</u> | <u>\$ 15,212,059</u> | <u>\$ 14,794,417</u> | <u>\$ 16,180,860</u> | <u>\$ 17,027,785</u> |

The Town implemented GASB 54 in year 2011, fund balances prior to year 2011 have been reported in the pre-GASB 54 format.

Changes in Fund Balances, Governmental Funds

Last Ten Years

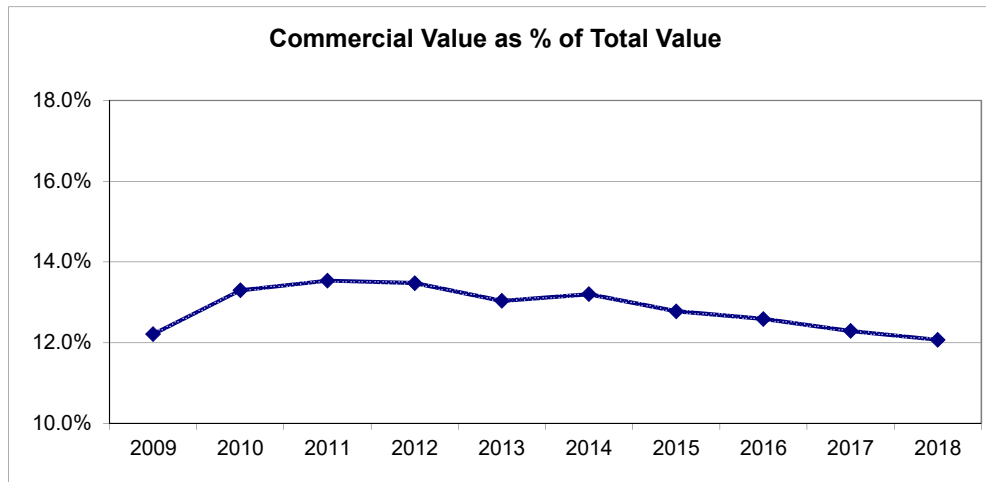
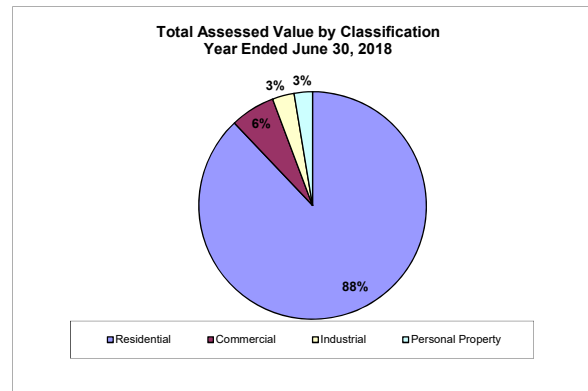
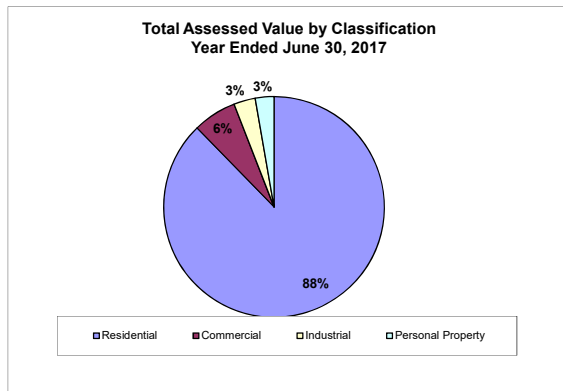
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|--------------------|--------------------|--------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
| Revenues: | | | | | | | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 54,496,257 | \$ 56,703,210 | \$ 57,423,755 | \$ 59,803,225 | \$ 60,311,614 | \$ 61,992,217 | \$ 64,109,047 | \$ 66,508,637 | \$ 71,370,820 | \$ 72,175,522 |
| Motor vehicle and other excise taxes..... | 3,727,728 | 3,515,205 | 3,790,515 | 3,917,020 | 4,260,419 | 4,866,192 | 4,627,106 | 5,412,047 | 5,326,355 | 5,694,558 |
| Intergovernmental..... | 20,016,089 | 19,834,322 | 21,826,135 | 22,241,592 | 22,474,244 | 22,294,860 | 20,433,361 | 23,481,959 | 22,766,947 | 25,354,420 |
| Departmental and other..... | 11,108,856 | 10,602,746 | 11,104,508 | 11,466,482 | 11,500,455 | 12,439,870 | 12,027,264 | 13,441,661 | 12,846,838 | 13,873,376 |
| Interest income..... | 521,278 | 516,898 | 445,515 | 194,547 | 198,915 | 241,618 | 206,490 | 256,529 | 332,180 | 510,771 |
| Total Revenue..... | 89,870,208 | 91,172,381 | 94,590,428 | 97,622,866 | 98,745,647 | 101,834,757 | 101,403,268 | 109,100,833 | 112,643,140 | 117,608,647 |
| Expenditures: | | | | | | | | | | |
| General government..... | 2,949,377 | 2,710,315 | 3,102,753 | 2,864,390 | 2,317,174 | 5,850,866 | 8,855,710 | 4,544,476 | 7,448,928 | 9,334,581 |
| Public safety..... | 12,133,006 | 11,844,721 | 13,085,968 | 9,430,923 | 10,115,031 | 10,317,017 | 10,303,669 | 14,486,844 | 12,062,356 | 11,806,226 |
| Education..... | 45,280,664 | 44,325,754 | 46,382,790 | 45,775,410 | 48,191,658 | 46,902,298 | 50,163,628 | 51,297,359 | 53,543,351 | 55,867,560 |
| Public works..... | 6,238,578 | 5,669,065 | 5,405,654 | 5,409,310 | 6,024,483 | 6,189,779 | 7,378,944 | 6,553,091 | 7,033,287 | 7,313,824 |
| Health and human services..... | 1,664,490 | 1,363,830 | 1,347,082 | 1,428,586 | 1,462,526 | 1,568,456 | 1,693,064 | 1,950,759 | 1,754,885 | 2,271,717 |
| Culture and recreation..... | 1,642,496 | 3,903,682 | 2,325,296 | 2,212,683 | 2,995,960 | 2,139,225 | 3,267,785 | 2,659,675 | 3,115,427 | 2,714,212 |
| Support services..... | - | - | - | 1,039,174 | 1,101,281 | 1,342,321 | 1,793,051 | 1,596,393 | 1,762,247 | 1,746,592 |
| Pension benefits..... | 8,632,667 | 8,959,530 | 9,537,508 | 9,969,374 | 10,452,145 | 10,837,358 | 8,326,021 | 11,068,695 | 11,366,451 | 14,003,916 |
| Property and liability insurance..... | 321,675 | 294,085 | 276,258 | 271,059 | 290,896 | 301,405 | 293,178 | 443,580 | 337,012 | 371,321 |
| Employee benefits..... | 9,389,284 | 7,636,441 | 9,415,481 | 11,100,080 | 11,250,204 | 11,599,341 | 9,663,907 | 10,079,081 | 10,351,823 | 11,544,232 |
| State and county charges..... | 2,267,181 | 2,307,758 | 2,115,484 | 1,813,511 | 1,788,615 | 1,254,988 | 436,946 | 397,195 | 452,360 | 520,922 |
| Debt service: | | | | | | | | | | |
| Principal..... | 6,362,702 | 5,348,471 | 5,574,681 | 5,995,123 | 5,219,330 | 5,366,746 | 4,583,967 | 4,785,624 | 5,063,902 | 5,453,870 |
| Principal - current refunding..... | - | - | - | - | - | 4,168,651 | - | - | - | 1,480,000 |
| Interest..... | 1,275,869 | 1,299,581 | 1,352,790 | 1,254,252 | 1,114,259 | 957,719 | 980,877 | 1,031,689 | 988,712 | 1,128,333 |
| Total Expenditures..... | 98,157,989 | 95,663,233 | 99,921,745 | 98,563,875 | 102,323,562 | 108,796,170 | 107,740,747 | 110,894,461 | 115,280,741 | 125,557,306 |
| Excess of revenues over (under) expenditures..... | (8,287,781) | (4,490,852) | (5,331,317) | (941,009) | (3,577,915) | (6,961,413) | (6,337,479) | (1,793,628) | (2,637,601) | (7,948,659) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of bonds..... | 7,122,134 | 4,171,222 | 4,365,353 | 3,255,348 | 926,199 | 8,181,497 | 8,365,000 | 5,759,365 | 7,135,000 | 3,820,000 |
| Issuance of refunding bonds..... | - | - | - | - | - | 4,010,000 | 68,526 | 1,695,000 | - | 1,457,624 |
| Premium from issuance of bonds..... | 202,338 | 10,417 | 127,464 | 41,359 | 24,215 | 143,149 | 291,987 | 73,055 | 305,723 | 52,181 |
| Premium from issuance of refunding bonds..... | - | - | - | - | - | 218,946 | - | - | - | 68,066 |
| Payments to refunded bond escrow agent..... | - | - | - | - | - | - | (68,427) | (1,723,863) | - | - |
| Sale of capital assets..... | - | - | - | - | - | - | 300,041 | - | - | - |
| Transfers in..... | 1,100,814 | 3,121,748 | 1,322,517 | 1,819,046 | 1,556,007 | 1,598,653 | 2,800,148 | 1,551,391 | 1,803,164 | 6,586,879 |
| Transfers out..... | (222,277) | (2,205,492) | (200,880) | (660,001) | (232,232) | (259,927) | (427,953) | (144,892) | (361,503) | (5,083,089) |
| Total other financing sources (uses)..... | 8,203,009 | 5,097,895 | 5,614,454 | 4,455,752 | 2,274,189 | 13,892,318 | 11,329,322 | 7,210,056 | 8,882,384 | 6,901,661 |
| Net change in fund balance..... | \$ (84,772) | 607,043 | \$ 283,137 | \$ 3,514,743 | \$ (1,303,726) | \$ 6,930,905 | \$ 4,991,843 | \$ 5,416,428 | \$ 6,244,783 | \$ (1,046,998) |
| Debt service as a percentage of noncapital expenditures..... | 8.17% | 7.49% | 7.45% | 7.71% | 6.59% | 6.44% | 5.74% | 5.69% | 5.65% | 6.99% |

* In 2012, the Town consolidated support services into a separate functional line-item. Prior to 2012, support services were blended within the general government functional line-item.

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Years

| Year | Assessed and Actual Values and Tax Rates | | | | | | | | |
|----------|--|----------------------|------------------|------------------|-------------------|------------------------|---------------------|-------------------|------------------|
| | Residential Value | Residential Tax Rate | Commercial Value | Industrial Value | Personal Property | Total Commercial Value | Commercial Tax Rate | Total Direct Rate | Total Town Value |
| 2009 | \$ 3,910,976,509 | \$ 11.76 | \$ 280,591,491 | \$ 163,741,100 | \$ 99,814,430 | \$ 544,147,021 | \$ 16.69 | \$ 12.36 | \$ 4,455,123,530 |
| 2010 (1) | \$ 3,670,178,348 | \$ 12.74 | \$ 286,494,949 | \$ 168,247,500 | \$ 108,138,260 | \$ 562,880,709 | \$ 17.69 | \$ 13.40 | \$ 4,233,059,057 |
| 2011 | \$ 3,563,558,199 | \$ 13.52 | \$ 283,140,851 | \$ 162,024,800 | \$ 112,827,760 | \$ 557,993,411 | \$ 18.63 | \$ 14.21 | \$ 4,121,551,610 |
| 2012 | \$ 3,586,332,274 | \$ 13.92 | \$ 278,839,111 | \$ 158,456,800 | \$ 121,400,010 | \$ 558,695,921 | \$ 19.16 | \$ 14.63 | \$ 4,145,028,195 |
| 2013 (1) | \$ 3,713,065,744 | \$ 13.72 | \$ 278,124,243 | \$ 161,446,600 | \$ 116,997,715 | \$ 556,568,558 | \$ 18.85 | \$ 14.39 | \$ 4,269,634,302 |
| 2014 | \$ 3,652,658,906 | \$ 14.41 | \$ 276,804,384 | \$ 155,524,200 | \$ 123,301,890 | \$ 555,630,474 | \$ 19.45 | \$ 15.08 | \$ 4,208,289,380 |
| 2015 | \$ 3,745,570,341 | \$ 14.39 | \$ 277,858,269 | \$ 147,834,600 | \$ 123,012,880 | \$ 548,705,749 | \$ 20.29 | \$ 15.14 | \$ 4,294,276,090 |
| 2016 (1) | \$ 3,897,630,578 | \$ 14.27 | \$ 292,994,947 | \$ 147,568,900 | \$ 120,842,040 | \$ 561,405,887 | \$ 20.47 | \$ 15.05 | \$ 4,459,036,465 |
| 2017 | \$ 4,068,321,236 | \$ 14.28 | \$ 295,696,622 | \$ 148,013,100 | \$ 126,535,920 | \$ 570,245,642 | \$ 20.45 | \$ 15.04 | \$ 4,638,566,878 |
| 2018 | \$ 4,169,956,319 | \$ 14.53 | \$ 300,819,526 | \$ 147,677,100 | \$ 123,963,820 | \$ 572,460,446 | \$ 21.34 | \$ 15.35 | \$ 4,742,416,765 |



(1) Revaluation year.

Source: Assessor's Department, Town of North Andover

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Principal Taxpayers
Current Year and Nine Years Ago

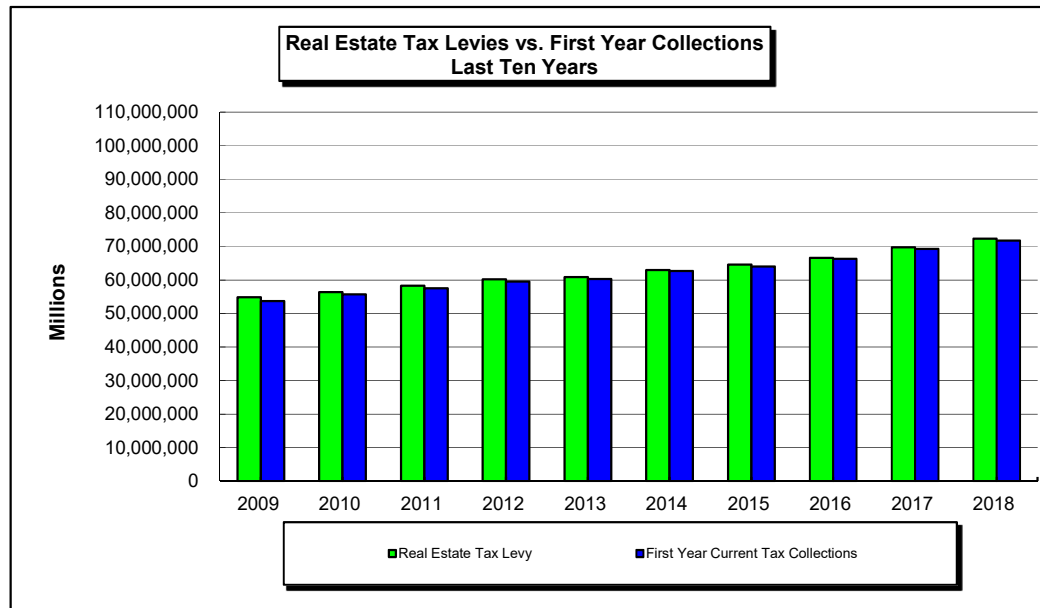
| Name | Property Type | 2018 | | | 2009 | | |
|-------------------------------|------------------------------|----------------------|------|--|----------------------|------|--|
| | | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value |
| AIMCO (Royal Crest) | Apartments | \$ 56,768,880 | 1 | 1.38% | \$ 60,163,990 | 1 | 1.34% |
| National Grid | Utility | \$ 43,864,750 | 2 | 1.06% | \$ 34,885,260 | | - |
| Edgewood Retirement Community | Congregate Care/Nursing Home | \$ 41,584,670 | 3 | 1.01% | \$ 28,016,530 | 3 | 0.62% |
| RCG North Andover Mills | Office | \$ 28,161,400 | 8 | 0.68% | \$ 11,473,500 | | - |
| Delta/Delta Realty Trust | Shopping Mall | \$ 21,350,620 | 5 | 0.52% | \$ 19,042,980 | 5 | 0.42% |
| Ozzy Properties | Office | \$ 17,647,300 | 6 | 0.43% | \$ 19,154,200 | 4 | 0.43% |
| Wood Ridge Homes | Co-op Housing | \$ 13,594,330 | 7 | 0.33% | \$ 11,218,050 | 6 | 0.25% |
| SHP IV North Andover | Assisted Living | \$ 13,330,300 | 4 | 0.32% | \$ - | | - |
| Linear Retail NA#1, LLC | Retail | \$ 11,692,900 | 9 | 0.28% | \$ - | | - |
| 700 Chickering Road | Assisted Living | \$ 9,328,800 | 10 | 0.23% | \$ - | | - |
| NAM Partners Limited | Office/Manufacturing | \$ - | | - | \$ 27,503,800 | 2 | 0.61% |
| Mass Electric | Utility | \$ - | | - | \$ - | 8 | 0.00% |
| Jefferson Equity Partners | Office Par | \$ - | | - | \$ - | 9 | 0.00% |
| BF No, Andover Office Park | Office | \$ - | | - | \$ 11,179,200 | 10 | 0.25% |
| D & L Andover Prop. LLC | Office Park | \$ - | | - | \$ 9,545,800 | 7 | 0.21% |
| Totals | | <u>\$257,323,950</u> | | <u>6.24%</u> | <u>\$232,183,310</u> | | <u>4.13%</u> |

Source: Official Statement for Sale of Bonds

Property Tax Levies and Collections

Last Ten Years

| Year | | (2) Total Tax Levy | Less Abatements & Exemptions | (2) Net Tax Levy | First Year Current Tax Collections | Percent of Net Levy Collected | Delinquent Tax Collections | Total Tax Collections | Percent of Total Tax Collections to Net Tax Levy |
|------|-----|--------------------------|------------------------------------|------------------------|--|-------------------------------------|----------------------------------|-----------------------------|---|
| 2009 | | \$ 55,074,898 | \$ 319,197 | \$ 54,755,701 | \$ 53,651,783 | 97.98% | \$ 676,736 | \$ 54,328,519 | 99.22% |
| 2010 | (1) | \$ 56,715,432 | \$ 371,669 | \$ 56,343,763 | \$ 55,671,800 | 98.81% | \$ 178,976 | \$ 55,850,776 | 99.13% |
| 2011 | | \$ 58,574,724 | \$ 316,384 | \$ 58,258,340 | \$ 57,441,580 | 98.60% | \$ 368,342 | \$ 57,809,922 | 99.23% |
| 2012 | | \$ 60,626,359 | \$ 459,973 | \$ 60,166,386 | \$ 59,454,694 | 98.82% | \$ 490,540 | \$ 59,945,234 | 99.63% |
| 2013 | (1) | \$ 61,434,579 | \$ 629,707 | \$ 60,804,872 | \$ 60,215,656 | 99.03% | \$ 297,899 | \$ 60,513,555 | 99.52% |
| 2014 | | \$ 63,441,828 | \$ 536,500 | \$ 62,905,327 | \$ 62,596,596 | 99.51% | \$ 308,731 | \$ 62,905,327 | 100.00% |
| 2015 | | \$ 65,031,997 | \$ 530,315 | \$ 64,501,682 | \$ 63,940,660 | 99.13% | \$ 396,523 | \$ 64,337,183 | 99.74% |
| 2016 | (1) | \$ 67,111,167 | \$ 557,433 | \$ 66,553,734 | \$ 66,233,113 | 99.52% | \$ 318,378 | \$ 66,551,491 | 100.00% |
| 2017 | | \$ 69,757,151 | \$ 81,658 | \$ 69,675,493 | \$ 69,168,717 | 99.27% | \$ 506,776 | \$ 69,675,493 | 100.00% |
| 2018 | | \$ 72,805,771 | \$ 566,310 | \$ 72,239,461 | \$ 71,670,227 | 99.21% | \$ - | \$ 71,670,227 | 99.21% |



(1) Revaluation year.

(2) Includes tax liens.

Source: Assessor's Department, Town of North Andover

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Years

| Year | U. S. Census Population | Personal Income | Assessed Value | Governmental Activities | | | | | |
|------|-------------------------|------------------|------------------|--------------------------|------------------------|------------------------------|------------|-------------------------------|------------------------------|
| | | | | General Obligation Bonds | Less Amounts Available | Net General Obligation Bonds | Per Capita | Percentage of Personal Income | Percentage of Assessed Value |
| 2009 | 27,753 | \$ 1,161,574,062 | \$ 4,455,123,530 | \$ 38,908,287 | \$ 1,171,745 | \$ 40,080,032 | \$ 1,444 | 3.45% | 0.90% |
| 2010 | 28,352 | \$ 1,210,375,232 | \$ 4,233,059,057 | \$ 37,731,038 | \$ 1,102,818 | \$ 38,833,856 | \$ 1,370 | 3.21% | 0.92% |
| 2011 | 28,352 | \$ 1,234,587,840 | \$ 4,121,551,610 | \$ 36,521,710 | \$ 1,033,892 | \$ 37,555,602 | \$ 1,325 | 3.04% | 0.91% |
| 2012 | 28,352 | \$ 1,259,282,432 | \$ 4,145,028,195 | \$ 33,781,935 | \$ 964,966 | \$ 34,746,901 | \$ 1,226 | 2.76% | 0.84% |
| 2013 | 28,352 | \$ 1,284,459,008 | \$ 4,269,634,302 | \$ 29,488,804 | \$ 896,040 | \$ 30,384,844 | \$ 1,072 | 2.37% | 0.71% |
| 2014 | 28,422 | \$ 1,313,380,620 | \$ 4,208,289,380 | \$ 32,506,999 | \$ 762,324 | \$ 33,269,323 | \$ 1,171 | 2.53% | 0.79% |
| 2015 | 28,510 | \$ 1,343,818,850 | \$ 4,294,276,090 | \$ 36,532,492 | \$ 693,398 | \$ 37,225,890 | \$ 1,306 | 2.77% | 0.87% |
| 2016 | 29,217 | \$ 1,404,694,926 | \$ 4,459,036,465 | \$ 37,587,126 | \$ 624,472 | \$ 38,211,598 | \$ 1,308 | 2.72% | 0.86% |
| 2017 | 29,217 | \$ 1,472,828,970 | \$ 4,638,566,878 | \$ 39,886,586 | \$ 555,546 | \$ 40,442,132 | \$ 1,384 | 2.75% | 0.87% |
| 2018 | 29,808 | \$ 1,612,463,760 | \$ 4,742,416,765 | \$ 38,234,797 | \$ 486,619 | \$ 38,721,416 | \$ 1,299 | 2.40% | 0.82% |

| Year | Business-type Activities (1) | Total Primary Government | | | |
|------|------------------------------|----------------------------|------------|-------------------------------|------------------------------|
| | General Obligation Bonds | Total Net Debt Outstanding | Per Capita | Percentage of Personal Income | Percentage of Assessed Value |
| 2009 | \$ 32,424,871 | \$ 72,504,903 | \$ 2,613 | 6.24% | 1.63% |
| 2010 | \$ 30,944,105 | \$ 69,777,961 | \$ 2,461 | 5.76% | 1.65% |
| 2011 | \$ 27,115,434 | \$ 64,671,036 | \$ 2,281 | 5.24% | 1.57% |
| 2012 | \$ 24,743,238 | \$ 59,490,139 | \$ 2,098 | 4.72% | 1.44% |
| 2013 | \$ 23,085,993 | \$ 53,470,837 | \$ 1,886 | 4.16% | 1.25% |
| 2014 | \$ 19,010,294 | \$ 52,279,617 | \$ 1,839 | 3.98% | 1.24% |
| 2015 | \$ 15,807,234 | \$ 53,033,124 | \$ 1,860 | 3.95% | 1.23% |
| 2016 | \$ 14,148,317 | \$ 52,359,915 | \$ 1,792 | 3.73% | 1.17% |
| 2017 | \$ 12,050,115 | \$ 52,492,247 | \$ 1,797 | 3.56% | 1.13% |
| 2018 | \$ 11,003,907 | \$ 49,725,323 | \$ 1,668 | 3.08% | 1.05% |

(1) Water and Sewer Funds

Source: Audited Financial Statements, U.S. Census, Division of Local Services

Direct and Overlapping Governmental Activities Debt

As of June 30, 2018

| <u>Town of North Andover, Massachusetts</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-----------------------------|--|--|
| Debt repaid with property taxes | | | |
| Greater Lawrence Regional Vocational Technical School District... | \$ 17,480,000 | 0.8% | \$ 671,251 |
| Town direct debt..... | | | <u>38,234,797</u> |
| Total direct and overlapping debt..... | | | <u>\$ 38,906,048</u> |

Methodologies used to calculate overlapping debt:

Greater Lawrence Regional Vocational Technical School District:

The Town's overlap is based on pupil enrollment.

Source: Official Statement for Sale of Bonds

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the taxpayers of the town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Computation of Legal Debt Margin

Last Ten Years

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Equalized Valuation..... | \$ 4,913,038,200 | \$ 4,913,038,200 | \$ 4,460,344,100 | \$ 4,460,344,100 | \$ 4,446,186,000 | \$ 4,446,186,000 | \$ 4,337,534,000 | \$ 4,337,534,000 | \$ 4,736,933,700 | \$ 4,736,933,700 |
| Debt Limit -5% of Equalized Valuation..... | \$ 245,651,910 | \$ 245,651,910 | \$ 223,017,205 | \$ 223,017,205 | \$ 222,309,300 | \$ 222,309,300 | \$ 216,876,700 | \$ 216,876,700 | \$ 236,846,685 | \$ 236,846,685 |
| Less: | | | | | | | | | | |
| Outstanding debt applicable to limit..... | 45,804,952 | 44,477,844 | 45,590,789 | 35,050,079 | 30,545,849 | 33,116,011 | 36,746,119 | 38,444,272 | 41,124,260 | 48,131,453 |
| Authorized and unissued debt..... | 10,111,025 | 3,391,000 | 6,688,916 | 1,970,568 | 182,659 | 1,124,027 | 931,008 | 7,478,282 | 781,049 | 7,947,856 |
| Legal debt margin..... | <u>\$ 189,735,933</u> | <u>\$ 197,783,066</u> | <u>\$ 170,737,500</u> | <u>\$ 185,996,558</u> | <u>\$ 191,580,792</u> | <u>\$ 188,069,262</u> | <u>\$ 179,199,573</u> | <u>\$ 170,954,146</u> | <u>\$ 194,941,376</u> | <u>\$ 180,767,376</u> |
| Total debt applicable to the limit as a percentage of debt limit..... | 22.76% | 19.49% | 23.44% | 16.60% | 13.82% | 15.40% | 17.37% | 21.17% | 17.69% | 23.68% |

Source: Official Statement for Sale of Bonds

Demographic and Economic Statistics

Last Ten Years

| Year | Population Estimates | Personal Income | Per Capita Personal Income | Median Age | Unemployment Rate |
|------|-------------------------|--------------------|-------------------------------------|---------------|----------------------|
| 2009 | 27,753 | \$ 1,161,574,062 | \$ 41,854 | 37 | 7.7% |
| 2010 | 28,352 | \$ 1,210,375,232 | \$ 42,691 | 40 | 7.2% |
| 2011 | 28,352 | \$ 1,234,587,840 | \$ 43,545 | 40 | 7.0% |
| 2012 | 28,352 | \$ 1,259,282,432 | \$ 44,416 | 40 | 5.7% |
| 2013 | 28,352 | \$ 1,284,459,008 | \$ 45,304 | 40 | 5.7% |
| 2014 | 28,422 | \$ 1,313,380,620 | \$ 46,210 | 40 | 4.7% |
| 2015 | 28,510 | \$ 1,343,818,850 | \$ 47,135 | 40 | 4.1% |
| 2016 | 29,217 | \$ 1,404,694,926 | \$ 48,078 | 40 | 4.1% |
| 2017 | 29,217 | \$ 1,472,828,970 | \$ 50,410 | 40 | 4.1% |
| 2018 | 29,808 | 1,612,463,760 | \$ 54,095 | 40 | 2.3% |

Source: Commonwealth of Mass, Division of Local Services, Executive Office of Labor and Workforce Development. Median age is based on most recent census data.

Principal Employers (excluding Town)

Current Year and Nine Years Ago

| Employer | Nature of Business | 2018 | | | 2009 | | |
|--|------------------------|-----------|------|-------------------------------------|-----------|------|-------------------------------------|
| | | Employees | Rank | Percentage of Total Town Employment | Employees | Rank | Percentage of Total Town Employment |
| Merrimack College | Higher Education | 651 | 1 | 2.2% | 500 | | 1.8% |
| Demoulas Supermarkets, Inc. | Grocery Store | 450 | 2 | 1.5% | 230 | | 0.8% |
| Edgewood Retirement Community | Healthcare | 340 | 3 | 1.2% | | | n/a |
| Watts Regulators | Manufacturing | 256 | 4 | 0.9% | | | n/a |
| Genesis Healthcare | Healthcare | 254 | 5 | 0.9% | | | 0.0% |
| The Eagle Tribune | Newspaper | 250 | 6 | 0.9% | 375 | | 1.4% |
| National Grid (formerly Mass Electric) | Utility Service | 200 | 7 | 0.7% | 300 | | 1.1% |
| Bake & Joy Mfg | Bakery | 200 | 8 | 0.7% | | | n/a |
| F H Cann | Collection Services | 197 | 9 | 0.7% | | | n/a |
| Bright View | Healthcare | 120 | 10 | 0.4% | | | n/a |
| Lucent Technologies | Manufacturing | n/a | n/a | n/a | | | 0.0% |
| A.E.G Schneider | Electronic Controls | n/a | n/a | n/a | 540 | | 1.1% |
| Sweetheart Plastics | Plastics Manufacturing | n/a | n/a | n/a | 300 | | 0.9% |
| Morton International Inc | Manufacturing | n/a | n/a | n/a | 250 | | 0.7% |
| Solelectron Corp | Contractor | n/a | n/a | n/a | 200 | | 0.7% |

Source: Massachusetts Department of Workforce Development

Full-Time Equivalent Town Employees

Last Ten Years

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>Full-Time Equivalents</u> | | | | | | | | | | |
| Town..... | 25 | 26 | 26 | 27 | 26 | 26 | 27 | 26 | 27 | 28 |
| Public Safety..... | 113 | 114 | 114 | 112 | 112 | 112 | 113 | 114 | 114 | 114 |
| School..... | 446 | 449 | 451 | 443 | 479 | 479 | 479 | 481 | 490 | 509 |
| Public works..... | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 24 | 24 | 24 |
| Community services..... | 13 | 14 | 14 | 14 | 14 | 14 | 15 | 15 | 15 | 15 |
| Support Services | 4 | 4 | 8 | 9 | 9 | 9 | 10 | 12 | 12 | 13 |
| Library..... | <u>12</u> | <u>12</u> | <u>12</u> | <u>12</u> | <u>12</u> | <u>12</u> | <u>14</u> | <u>15</u> | <u>15</u> | <u>16</u> |
| Total | <u>637</u> | <u>641</u> | <u>647</u> | <u>639</u> | <u>675</u> | <u>675</u> | <u>681</u> | <u>687</u> | <u>697</u> | <u>719</u> |

Source: Annual Budget Report, School Dept

Operating Indicators by Function/Program

Last Ten Years

| Function/Program | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| Population..... | 27,753 | 28,352 | 28,352 | 28,352 | 28,352 | 28,422 | 28,510 | 29,217 | 29,217 | 29,808 |
| Registered Voters, Annual Town Election..... | 18,059 | 18,169 | 17,256 | 18,307 | 18,598 | 18,247 | 17,050 | 18,968 | 19,801 | 19,168 |
| Town Clerk | | | | | | | | | | |
| Births..... | 291 | 285 | 285 | 263 | 289 | 289 | 280 | 302 | 248 | 277 |
| Marriages..... | 78 | 95 | 84 | 74 | 86 | 115 | 83 | 83 | 73 | 10 |
| Deaths..... | 268 | 296 | 279 | 183 | 251 | 250 | 298 | 330 | 330 | 369 |
| Dogs licensed..... | 2,396 | 2,314 | 2,361 | 2,110 | 2,390 | 2,132 | 2,101 | 2,907 | 2,982 | 2,969 |
| Business Certificates..... | 110 | 87 | 91 | 84 | 92 | 87 | 95 | 92 | 111 | 117 |
| New Voter Registrations..... | 612 | 1,099 | 866 | 1,523 | 1,450 | 797 | 1,251 | 1,171 | 2,420 | 1,512 |
| Passport Applications..... | 786 | 773 | 745 | 701 | 920 | 885 | 875 | 798 | 898 | 1,047 |
| Assessors | | | | | | | | | | |
| Single Family..... | 6,164 | 6,173 | 6,181 | 6,198 | 6,217 | 6,239 | 6,258 | 6,274 | 6,287 | 6,305 |
| Condominiums..... | 1,898 | 1,915 | 1,929 | 1,951 | 1,985 | 2,028 | 2,059 | 2,084 | 2,105 | 2,125 |
| Misc Rec..... | 27 | 28 | 30 | 31 | 30 | 29 | 29 | 29 | 30 | 29 |
| Two Family..... | 426 | 423 | 420 | 419 | 421 | 417 | 414 | 408 | 405 | 401 |
| Three Family..... | 43 | 43 | 44 | 44 | 43 | 44 | 45 | 47 | 47 | 48 |
| Four-eight Family..... | 48 | 48 | 50 | 50 | 51 | 52 | 52 | 52 | 53 | 53 |
| Vacant land..... | 512 | 492 | 468 | 489 | 462 | 441 | 432 | 429 | 426 | 400 |
| Residential/Commercial..... | 37 | 38 | 36 | 37 | 36 | 35 | 34 | 33 | 33 | 33 |
| Commerical buildings and land..... | 435 | 490 | 491 | 492 | 491 | 494 | 508 | 511 | 511 | 510 |
| Industrial buildings and land..... | 82 | 84 | 84 | 84 | 8 | 83 | 83 | 82 | 83 | 82 |
| Personal Property Accounts..... | 844 | 818 | 847 | 882 | 906 | 881 | 902 | 830 | 832 | 826 |
| Chapter 61 - Forestry Property..... | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 9 | 9 |
| Chapter 61A - Farm Property..... | 143 | 145 | 139 | 137 | 137 | 137 | 137 | 142 | 142 | 142 |
| Chapter 61B - Recreational Land..... | 9 | 9 | 8 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Exempt buildings and land..... | 438 | 436 | 452 | 460 | 464 | 468 | 471 | 421 | 467 | 467 |
| Public Utilities..... | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Utilities valued by State..... | 6 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Complaints Issued..... | 140 | 110 | 86 | 434 | 589 | 729 | 654 | 635 | 687 | 377 |
| Arrests..... | 406 | 409 | 396 | 285 | 364 | 312 | 291 | 323 | 374 | 260 |
| Summons/Hearings..... | 132 | 368 | 286 | 149 | 214 | 303 | 329 | 290 | 313 | 117 |
| Citations..... | 3,742 | 3,748 | 2,953 | 2,938 | 3,646 | 2,707 | 2,278 | 2,283 | 1,333 | 1,947 |
| Parking tickets issued..... | 680 | 624 | 645 | 548 | 484 | 496 | 504 | 504 | 440 | 338 |
| Total number of animal complaints..... | 271 | 295 | 297 | 383 | 489 | 623 | 467 | 467 | 667 | 449 |
| Fire | | | | | | | | | | |
| Incidents | | | | | | | | | | |
| Fire and Rescue..... | 1,612 | 3,986 | 1,358 | 1,515 | 1,396 | 1,283 | 1,383 | 1,755 | 1,747 | 1,520 |
| Ambulance Calls..... | 2,650 | 2,616 | 2,444 | 2,663 | 2,745 | 2,379 | 2,500 | 2,460 | 2,370 | 3,120 |

Operating Indicators by Function/Program

Last Ten Years

| Function/Program | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Permits/certificates issued | | | | | | | | | | |
| Smoke Detectors..... | 406 | 327 | 401 | 322 | 444 | 613 | 543 | 629 | 701 | 506 |
| Carbon Monoxide Detectors..... | 377 | 314 | 377 | 295 | 412 | 587 | 520 | 595 | 702 | 506 |
| Fireworks Display Permits..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Liquid Gas Storage Permits..... | 28 | 38 | 29 | 19 | 27 | 65 | 67 | 54 | 50 | 46 |
| Open Air Burning Permits..... | - | - | - | - | - | 345 | 321 | 321 | 467 | 442 |
| Oil Burner Install Permits..... | 46 | 70 | 45 | 26 | 47 | 26 | 20 | 16 | 29 | 26 |
| Sprinkler Inspections..... | 23 | 13 | 27 | 23 | 32 | 35 | 30 | 19 | 6 | 38 |
| Underground Tank Installation..... | 6 | 22 | 26 | 8 | 6 | 27 | 21 | 23 | 33 | 12 |
| Underground Tank Removals..... | 13 | 6 | 7 | 8 | 2 | 5 | - | 1 | 8 | 10 |
| Building Department | | | | | | | | | | |
| Permits issued..... | 2,214 | 2,470 | 2,375 | 2,774 | 3,080 | 3,207 | 3,583 | 3,583 | 3,583 | 3,890 |
| Education | | | | | | | | | | |
| Public school enrollment..... | 4,604 | 4,614 | 4,638 | 4,766 | 4,783 | 4,801 | 4,839 | 4,788 | 4,831 | 4,781 |
| Human Services | | | | | | | | | | |
| Planning | | | | | | | | | | |
| Plan reviews..... | 8 | 2 | 5 | 27 | 33 | 18 | 19 | 16 | 26 | 19 |
| Board of Health | | | | | | | | | | |
| Inspections | | | | | | | | | | |
| Food Est. (related permits& reviews) | 198 | 179 | 288 | 225 | 234 | 352 | 319 | 258 | 302 | 239 |
| Septic (all related reviews/permits/inspections)... | 30 | 49 | 46 | 22 | 140 | 202 | 115 | 213 | 155 | 181 |
| OFFA Haulers/Trash Haulers & Placards..... | 257 | 237 | 250 | 256 | 241 | 273 | 263 | 226 | 308 | 498 |
| Commercial Permits..... | 256 | 254 | 262 | 266 | 241 | 295 | 250 | 260 | 247 | 258 |
| Professional Permits..... | 75 | 83 | 82 | 89 | 53 | 101 | 66 | 62 | 70 | 72 |
| Council on Aging | | | | | | | | | | |
| Home delivered meals served..... | 19,685 | 15,106 | 15,541 | 18,369 | 17,519 | 16,230 | 17,001 | 20,294 | 22,756 | 21,961 |
| Outreach Case Management..... | 4,243 | 4,532 | 8,203 | 8,895 | 8,094 | 9,981 | 9,828 | 7,384 | 269 | 4,489 |
| Community Education..... | 3,900 | 7,078 | 6,708 | 7,682 | 8,635 | 8,417 | 8,458 | 7,496 | 7,399 | 6,914 |
| Recreation..... | 8,013 | 9,961 | 11,221 | 21,796 | 13,414 | 18,005 | 20,524 | 12,162 | 11,727 | 13,293 |
| Transportation..... | 3,379 | 4,234 | 4,285 | 4,598 | 6,822 | 6,377 | 6,472 | 4,614 | 6,323 | 3,791 |
| Libraries | | | | | | | | | | |
| Program attendance..... | 8,060 | 3,867 | 4,489 | 4,122 | 4,938 | 6,631 | 8,358 | 8,358 | 10,589 | 13,453 |
| Number of Library Card Holders | 29,883 | 16,465 | 16,779 | 17,604 | 19,094 | 20,143 | 20,418 | 20,418 | 19,566 | 20,295 |
| Circulation | 213,598 | 212,970 | 213,517 | 206,362 | 185,419 | 176,385 | 193,799 | 193,799 | 189,773 | 185,809 |
| PC & Internet Use..... | 896 | 914 | 1,221 | 1,295 | 1,273 | 1,281 | 1,186 | 1,186 | 480 | 390 |
| Reference Questions..... | 26,758 | 28,069 | 28,503 | 29,318 | 29,081 | 30,744 | 29,848 | 29,848 | 17,940 | 18,962 |
| Inter-Library Loans..... | 49,302 | 54,073 | 53,367 | 56,569 | 57,952 | 60,559 | 59,416 | 59,416 | 53,449 | 59,014 |

Operating Indicators by Function/Program

Last Ten Years

| <u>Function/Program</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Youth & Recreation Services | | | | | | | | | | |
| Memberships..... | 611 | 646 | 656 | 694 | 709 | 691 | 684 | 672 | 551 | 612 |
| Summer Programs..... | 75 | 792 | 814 | 854 | 798 | 832 | 876 | 971 | 986 | 997 |
| Overall Services..... | n/a | 2,973 | 2,961 | 3,098 | 3,179 | 3,215 | 3,263 | 3,410 | 3,336 | 3,459 |
| Sewer | | | | | | | | | | |
| Service connections..... | 31 | 46 | 58 | 14 | 54 | 43 | 34 | 32 | 26 | 28 |
| Water | | | | | | | | | | |
| Daily consumption (in million gallons)..... | 2.7371 | 2.8675 | 3.0120 | 2.6328 | 2.2101 | 3.0600 | 3.3100 | 3.2500 | 3.1050 | 3.0704 |

Source: Various Town Departments and Annual Town Report

N/A: Information not available

Capital Asset Statistics by Function/Program

Last Ten Years

| Function/Program | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| Number of Buildings..... | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Police | | | | | | | | | | |
| Number of Stations..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire | | | | | | | | | | |
| Number of Stations..... | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Education | | | | | | | | | | |
| School administration building..... | n/a | n/a | n/a | n/a | n/a | n/a | 1 | 1 | 1 | 1 |
| Number of elementary schools..... | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Number of middle schools..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of high schools..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Works | | | | | | | | | | |
| Water mains (miles)..... | 148 | 148 | 148 | 148 | 148 | 148 | 148 | 148 | 148 | 148 |
| Fire hydrants..... | 1,487 | 1,489 | 1,511 | 1,515 | 1,515 | 1,515 | 1,515 | 1,515 | 1,515 | 1,515 |
| Sanitary sewers (miles)..... | 89 | 89 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| Storm sewers (miles)..... | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 |
| Culture and Recreation | | | | | | | | | | |
| Playgrounds..... | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Parks..... | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Playgrounds - Acreage..... | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| Parks - Acreage..... | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Public beaches..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Ball fields..... | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 |
| Tennis courts..... | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |

Source: Various Town Departments

N/A: Information not available

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Additional Information

ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

| | Water Fund | | | | |
|---|---------------------|---------------------|--------------------------------|---|--------------------------------|
| | Original Budget | Final Budget | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
| <u>OPERATING REVENUES:</u> | | | | | |
| Charges for services..... | \$ 5,689,065 | \$ 5,689,065 | \$ 5,339,743 | \$ - | \$ (349,322) |
| Penalties and interest..... | 22,543 | 22,543 | 21,472 | - | (1,071) |
| TOTAL OPERATING REVENUES..... | 5,711,608 | 5,711,608 | 5,361,215 | - | (350,393) |
| <u>OPERATING EXPENDITURES:</u> | | | | | |
| Current: | | | | | |
| Cost of service and administration..... | 2,619,531 | 2,619,531 | 2,291,425 | 122,114 | 205,992 |
| GLSD assessment..... | - | - | - | - | - |
| TOTAL OPERATING EXPENSES..... | 2,619,531 | 2,619,531 | 2,291,425 | 122,114 | 205,992 |
| OPERATING INCOME (LOSS)..... | 3,092,077 | 3,092,077 | 3,069,790 | (122,114) | (144,401) |
| <u>NONOPERATING REVENUES (EXPENSES):</u> | | | | | |
| Investment income..... | 20,000 | 20,000 | 48,232 | - | 28,232 |
| Debt service: | | | | | |
| Principal..... | (860,432) | (860,432) | (860,432) | - | - |
| Interest..... | (139,129) | (139,129) | (139,129) | - | - |
| TOTAL NONOPERATING REVENUES (EXPENSES), NET..... | (979,561) | (979,561) | (951,329) | 122,114 | 28,232 |
| INCOME (LOSS) BEFORE TRANSFERS..... | 2,112,516 | 2,112,516 | 2,118,461 | (122,114) | (116,169) |
| <u>Transfers:</u> | | | | | |
| Transfers out..... | (2,182,466) | (2,182,466) | (2,182,466) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES)..... | (2,182,466) | (2,182,466) | (2,182,466) | - | - |
| CHANGE IN NET POSITION..... | (69,950) | (69,950) | (64,005) | (122,114) | (116,169) |
| NET POSITION AT BEGINNING OF YEAR..... | 5,177,540 | 5,177,540 | 5,177,540 | - | - |
| NET POSITION AT END OF YEAR..... | \$ 5,107,590 | \$ 5,107,590 | \$ 5,113,535 | \$ (122,114) | \$ (116,169) |

See notes to required supplementary information.

| Sewer Fund | | | | | Osgood Hill Fund | | | | |
|-----------------|--------------|--------------------------|--------------------------------------|--------------------------|------------------|--------------|--------------------------|--------------------------------------|--------------------------|
| Original Budget | Final Budget | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget | Original Budget | Final Budget | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
| \$ 4,625,425 | \$ 4,625,425 | \$ 4,825,522 | \$ - | \$ 200,097 | 410,761 | \$ 410,761 | \$ 460,254 | \$ - | \$ 49,493 |
| 24,805 | 24,805 | 23,042 | - | (1,763) | - | - | - | - | - |
| 4,650,230 | 4,650,230 | 4,848,564 | - | 198,334 | 410,761 | 410,761 | 460,254 | - | 49,493 |
| 715,161 | 715,161 | 631,174 | 11,293 | 72,694 | 341,360 | 341,360 | 297,360 | 3,619 | 40,381 |
| 2,306,271 | 2,306,271 | 1,664,895 | - | 641,376 | - | - | - | - | - |
| 3,021,432 | 3,021,432 | 2,296,069 | 11,293 | 714,070 | 341,360 | 341,360 | 297,360 | 3,619 | 40,381 |
| 1,628,798 | 1,628,798 | 2,552,495 | (11,293) | 912,404 | 69,401 | 69,401 | 162,894 | (3,619) | 89,874 |
| 10,000 | 10,000 | 38,519 | - | 28,519 | 1,000 | 1,000 | 3,908 | - | 2,908 |
| (1,148,386) | (1,148,386) | (1,148,386) | - | - | - | - | - | - | - |
| (155,656) | (155,656) | (155,656) | - | - | - | - | - | - | - |
| (1,294,042) | (1,294,042) | (1,265,523) | 11,293 | 28,519 | 1,000 | 1,000 | 3,908 | 3,619 | 2,908 |
| 334,756 | 334,756 | 1,286,972 | (11,293) | 940,923 | 70,401 | 70,401 | 166,802 | (3,619) | 92,782 |
| (556,454) | (556,454) | (556,454) | - | - | (187,369) | (187,369) | (187,369) | - | - |
| (556,454) | (556,454) | (556,454) | - | - | (187,369) | (187,369) | (187,369) | - | - |
| (221,698) | (221,698) | 730,518 | (11,293) | 940,923 | (116,968) | (116,968) | (20,567) | (3,619) | 92,782 |
| 4,005,870 | 4,005,870 | 4,005,870 | - | - | 433,205 | 433,205 | 433,205 | - | - |
| \$ 3,784,172 | \$ 3,784,172 | \$ 4,736,388 | \$ (11,293) | \$ 940,923 | 316,237 | \$ 316,237 | \$ 412,638 | \$ (3,619) | \$ 92,782 |